



CERRO GORDO COUNTY

IOWA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016**

CERRO GORDO COUNTY, IOWA

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

Prepared by: Cerro Gordo County Auditor's Office

INTRODUCTORY SECTION

CERRO GORDO COUNTY, IOWA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

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CERRO GORDO COUNTY, IOWA

OFFICIALS
June 30, 2016

Board of Supervisors

<u>Name</u>	<u>Term Expires</u>	<u>Address</u>
Casey Callanan	January 2019	Clear Lake, Iowa
Phillip Dougherty	January 2017	Dougherty, Iowa
Jay Urdahl.....	January 2017	Mason City, Iowa

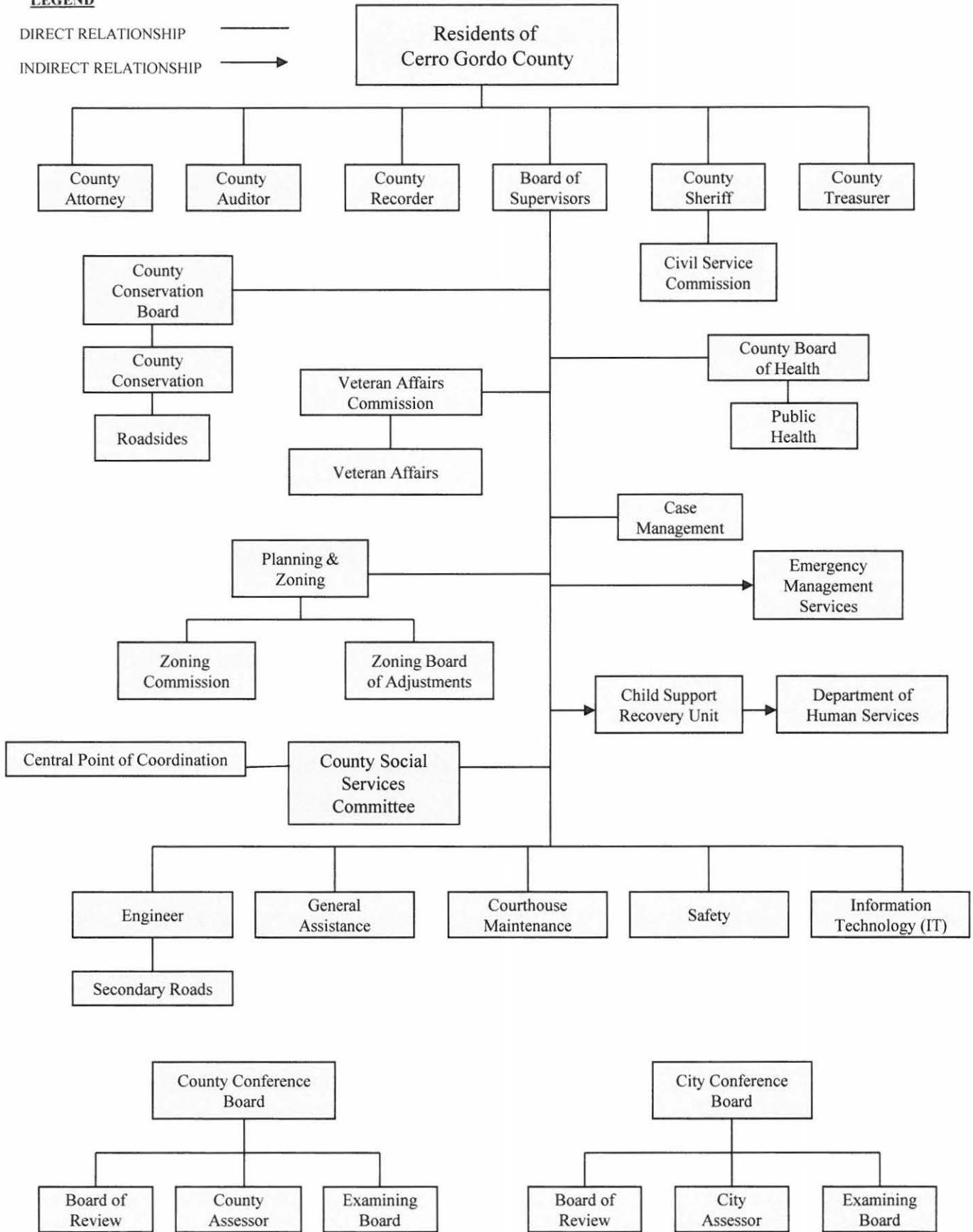
Officers

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>
Kenneth Kline.....	January 2017	Auditor
Patricia Wright.....	January 2019	Treasurer
Colleen Pearce	January 2019	Recorder
Kevin Pals.....	January 2017	Sheriff
John Boedeker	Appointed.....	County Assessor
Danielle Naumann	Appointed.....	City Assessor
Carlyle Dalen.....	January 2019	County Attorney

CERRO GORDO COUNTY ORGANIZATIONAL CHART

LEGEND

DIRECT RELATIONSHIP ———
 INDIRECT RELATIONSHIP ———>





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Cerro Gordo County
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO



**County Auditor
Cerro Gordo County Courthouse**

220 N Washington Ave
Kenneth W. Kline, Auditor
www.co.cerro-gordo.ia.us

Mason City, IA 50401-3254

(641) 421-3028
FAX (641) 421-3139

December 20, 2016

County Board of Supervisors and Citizens
Cerro Gordo County, Iowa

The Comprehensive Annual Financial Report (CAFR) for the County of Cerro Gordo, Iowa (the "County") for the fiscal year ended June 30, 2016, is hereby submitted in accordance with the provisions of Section 331.403 of the Code of Iowa.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Gardiner Thomsen PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2016, indicating that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The

standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Cerro Gordo County

Organized in 1855, Cerro Gordo County is governed by a three-member board, each board member elected by citizens in one of the three districts. Board members serve overlapping four-year terms, with elections held every two years. The Board is the legislative body of the County, which annually adopts a budget and establishes tax rates to support County programs.

The County provides a full range of services to its citizens. These services include public safety, parks, planning and zoning, service to people with mental disabilities, construction and maintenance of secondary roads, physical health and social services, property assessment and taxation, and general administrative services. The County also provides an information technology department utilized by other governmental entities.

The Board of Supervisors is required to adopt a final budget by no later than March 15th for the fiscal year beginning the following July 1st. This annual budget serves as the foundation for the County's financial planning and control. The State of Iowa requires the adoption of an annual budget with total County operating expenditures listed by major program service area. Activities of the general fund, special revenue funds, capital projects funds, and the debt service fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total function/program service area level. In addition, individual County officials' expenditures cannot exceed the amounts appropriated by the Board.

Local Economy

Cerro Gordo County, with the Cities of Mason City, Clear Lake, and eight smaller cities, has the thirteenth largest population of ninety-nine counties in the state, and serves as a regional center for north central Iowa in the areas of commerce, industry, retail shopping, higher education, and health care services. The surrounding area has an economic base that is historically agricultural in nature, but Cerro Gordo County also has several strong industries and commercial enterprises. With a usually low rate of unemployment and the lack of a single, dominant employer, the economy of the area is generally dynamic, robust, and broad-based. The City of Mason City is the largest city in Cerro Gordo County, with about two-thirds of the County's 43,000-plus population.

Tourism is an important industry in Cerro Gordo County, largely due to Clear Lake, which, at 3,865 acres, is the third largest natural lake in Iowa, and is the namesake of the surrounding city. According to figures from the Iowa Economic Development Authority, the County ranks eleventh in the state for tourism expenditures with more than \$191 million in annual spending, resulting in almost 1,500 tourism related jobs.

Although educational systems in the entire north central Iowa area are well known for their quality of education, Cerro Gordo County has become a regional center for higher learning. Drake University of Des Moines offers several programs at the Masters level in coordination with the North Iowa Area Community College (NIACC). This adds to the wide range of baccalaureate programs offered at NIACC by Buena Vista College of Storm Lake, and Kaplan University, which offers AAS and BA degrees.

Cerro Gordo County serves as a regional hub for transportation with an airport, three railroad branch lines, Interstate 35, which runs north-south the length of the County, and the “Avenue of the Saints”, the link between Interstates 35 and 80.

The County is a regional center for health care services. The City of Mason City has the third highest number of physicians per capita in the State, trailing only the Cities of Des Moines and Iowa City. Mercy Medical Center - North Iowa is the County’s largest employer with two facilities and with affiliated clinics and hospitals in a 14-county region.

In general economic news for the fiscal year, the number of persons employed in the county went from 22,280 to 22,400, an increase of 0.01% from June 2015 to June 2016, according to figures from Iowa Workforce Development. With high land prices the agricultural economy of the area has been strong and stable.

The City of Mason City’s cost of living for the second quarter of 2014 was 88.4% of the national average, according to the ACCRA Cost of Living Index, ranking it the second lowest cost of living for all Iowa communities that participate in the ACCRA index.

Major Initiatives

During FYE 2016 the IT Department and IT Steering Committee moved forward with plans to change some on-site servers to virtualized servers, and to contract with McGladrey LLP for infrastructure as a service. According to McGladrey officials, this step allows data to be stored in a distant location, improving the County’s disaster recovery position. Programmers also rewrote the capital assets program in C#, a more mainstream programming language. Through this effort the IT staff also developed a template for rewriting other in-house applications, possibly including the finance and payroll system and real estate tax administration program. The IT Steering Committee voted in March 2016 to outsource the County’s website application.

The rewrite of the Precinct Atlas election software was completed in August 2015. The new program received strong accolades from the counties in the Iowa Precinct Atlas Consortium for increased functionality and user-friendliness. By June 2016 the number of counties using the software program had increased to fifty-nine.

The County's self-funded health insurance program continued in good financial condition throughout the fiscal year, ending with a fund balance of roughly \$1.5 million. The County had moved to a self-funded program in 2014 with assistance from Kingston Life and Health, an insurance consulting firm.

In July 2015 the Board of Supervisors authorized creation of a part-time position in the County Attorney's Office with responsibility for collection of court fees and traffic fines. Individuals who have delinquent court debt make payments first to victim restitution and then to other court costs, or face contempt of court, wage garnishment, or revocation of a driver's license. Payments are flexibly structured within limits set by law with an emphasis on incentives for regular payment and avoidance of revocation and imprisonment. Similarly, an individual whose driver's license has been suspended or revoked is encouraged to make payments toward court and civil fines in order to get his or her license reinstated.

In addition to cash payments to the Clerk of Court, an individual can make payments online, set up automatic payments from a credit card, or voluntarily establish wage assignments or garnishments from an employer. In return for providing a collection process previously provided through a third party collection agency, the County receives a portion of the payments. Some fees collected are ineligible to be shared with the County, including jail room and board, victim restitution, Iowa DOT civil penalties, and sheriff's fees.

For FYE 2016 the County kept 40% of the eligible fees, plus an additional 12% over the first \$100,000, which is earmarked to a special fund within the County Attorney's Office. This amounted to \$87,809.78 for the first twelve months of operation, more than enough to pay the administrative costs of the program, including the creation of an additional full-time position in February 2016. Total collections for FYE 2016 were \$181,347; however, the project coordinator estimates this will climb to \$450,000 in the next fiscal year, creating a need for an additional full-time employee.

In November 2015 the Conservation Board presented plans to rebuild the Wilkinson Covered Bridge outside Rock Falls at an estimated cost of \$90,000. In March 2016 the Board of Supervisors approved \$35,000 toward that total, with additional funds projected to come from grants, contributions from the Rock Falls Betterment Committee, REAP funds, and the Conservation Department budget. The Board estimates work to be completed in the first half of calendar year 2017.

During the fiscal year the Conservation Board also received a gift of 19.84 acre tract of land adjoining the Winnebago River in Mason Township. The timber-grassland-wetland tract is for a public use and wildlife habitat and has an active bald eagle nest. The Conservation Board also made progress on engineering work for a trail between Meservey and Mason City on an abandoned rail line. The Board received a \$75,000 grant during the year, adding to a \$300,000 grant from the prior fiscal year, and estimates work on the project will start in 2017.

In January 2016 Cerro Gordo County joined Mitchell and Worth Counties in establishing a Joint Port Authority that would broaden potential for undertaking large projects. The other two counties

involved are looking to extend a natural gas pipeline through Cerro Gordo that would improve their infrastructure for economic development.

In August 2015 the Board of Supervisors established the Portland Area Urban Revitalization Area, and in January 2016 granted a tax abatement to North Iowa Cooperative. The Cooperative’s investment totaled more than \$5 million, and included a \$475,000 anhydrous plant and state-of-the-art \$4 million dry blend plant. The tax abatement is based on a ten-year sliding scale with an 80% abatement the first year and 20% abatement the tenth year.

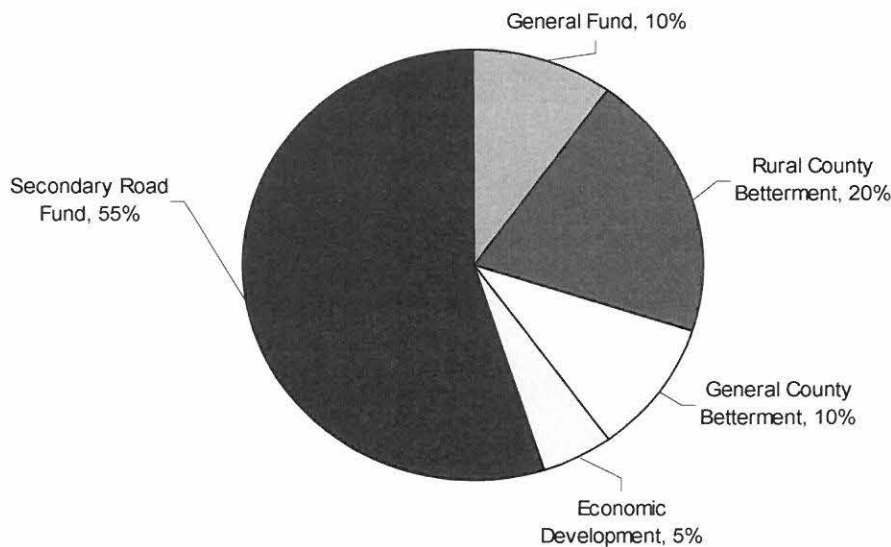
In April 2016 the Board received a presentation by E.ON Climate and Renewables, a wind farm company. The company will be studying the potential of a large-scale wind farm in Owen and Dougherty Townships.

Long-Term Financial Planning

The County is continuing to develop strategies for improving service, quality and efficiency. The Board utilizes a long term fiscal policy and continues its strategic planning process. The County’s secondary road system is also being continually reviewed. The County Engineer has developed a long-range five-year plan addressing how much additional funding will be required to maintain the quality of the County’s roads and bridges.

Relevant Financial Policies

It is Cerro Gordo County’s policy to use its share of local option sales and service taxes in the following allocation:



In FY2016, Cerro Gordo County received a total of \$1,803,331 in local option sales and service taxes.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cerro Gordo County, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been completed without the cooperation and services of the staffs of the County Auditor's and Treasurer's offices. Gratitude is also expressed to the independent auditors, Gardiner Thomsen, P.C., who provided endless support and assistance in preparing this report, and to the Cerro Gordo County Board of Supervisors for their interest and support.

Respectfully submitted,



Heather R. Mathre, CPA
Budget Manager
Office of the County Auditor
Cerro Gordo County, Iowa

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Officials of Cerro Gordo County
Mason City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 12-21 and 60-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cerro Gordo County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The introductory section, general fund schedules, combining and individual nonmajor fund financial statements, capital asset schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The general fund schedules, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, general fund schedules, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, capital asset schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of Cerro Gordo County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cerro Gordo County, Iowa's internal control over financial reporting and compliance.

Gardiner Thomsen, P.C.

Charles City, Iowa

December 21, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Cerro Gordo County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information presented in the transmittal letter beginning on page 4, and the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ Cerro Gordo County governmental fund revenues increased 0.40% or \$122,478 from \$30,535,108 in fiscal year 2015 (FY15) to \$30,657,586 in fiscal year 2016 (FY16). Property taxes and other county taxes increased \$281,660, local option sales tax dollars increased \$55,251, intergovernmental revenues increased \$425,742, licenses and permits decreased \$20,969, charges for services increased \$307,940, use of money and property increased \$85,036, and miscellaneous revenues decreased \$1,012,182 from FY15.
- ◆ Cerro Gordo County governmental fund expenditures for FY16 were \$28,424,204, a decrease of \$1,761,004 from \$30,185,208 in FY15. This decrease was primarily contributable to the capital projects decrease of \$1,743,078.
- ◆ The assets of the county exceeded liabilities at fiscal year ended June 30, 2016 by \$42,262,726 (net position compared to \$39,507,308 at June 30, 2015).
- ◆ Cerro Gordo County's net position increased 6.97% or \$2,755,418 for the fiscal year ended June 30, 2016. Government activities increased \$2,834,473 and business-type activities decreased by \$79,055. For fiscal year ended June 30, 2015, total net position decreased \$6,732,084. Governmental activities decreased \$6,664,847 and business-type activities decreased \$67,237.
- ◆ Cerro Gordo County's governmental funds reported combined ending fund balances of \$18,075,941, an increase of \$2,403,556 in comparison with the FY15 fund balances of \$15,672,385. Approximately 35.00% of the total amount, \$6,322,435, is the County's unassigned fund balance.
- ◆ Cerro Gordo County's general long-term debt, excluding compensated absences, termination benefits, net pension liability, net OPEB liability, and claims payable, decreased \$1,292,089 during the fiscal year, from \$10,712,849 in FY15 to \$9,420,760 in FY16. This change was due to scheduled debt payments during FY16.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consist of the Government-Wide Statement of Net Position and the Government-Wide Statement of Activities (on pages 22-25). These provide information about the activities of the County as a whole and present an overall view of the County's finances.

The Fund Financial Statements (starting on page 26) tell how government services were financed in the short term as well as what remains for future spending. Fund financial statements report Cerro Gordo County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Cerro Gordo County acts solely as an agent or custodian for the benefit of those outside of the government.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplemental Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

Reporting the County as a Whole

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administrative services, interest on long-term debt, and other non-program activities. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin on page 26 and provide detailed information about individual, significant funds; not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes.

Cerro Gordo County has three kinds of funds:

1) Governmental funds account for most of the County's basic services, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These governmental funds include 1) General Fund, 2) Special Revenue Funds, 3) Debt Service Fund, and 4) Capital Projects Fund. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the County's general governmental operations and the basic service it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

2) Cerro Gordo County maintains two types of proprietary funds: internal service funds and enterprise funds.

a) Cerro Gordo County has two internal service funds: Central Services Fund and Health Insurance Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

b) Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business. Cerro Gordo County maintains two enterprise funds: Meservey Wastewater Collection & Treatment Facility and Swaledale Wastewater Collection & Treatment Facility.

The proprietary funds required financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the government's own programs. These fiduciary funds include agency funds that account for emergency management, county assessor, and city assessor to name a few.

The fiduciary funds required financial statements include a Statement of Fiduciary Assets and Liabilities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 38.

Supplemental Information

The supplemental information begins on page 68 and provides detailed information about the non-major governmental funds and the individual fiduciary funds. In addition, the Single Audit Section provides details of the various Federal awards received by the County.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Cerro Gordo County's net position increased \$2,755,418 from \$39,507,308 to \$42,262,726. The analysis below focuses on the net position and changes in net position of our government and business-type activities.

**Cerro Gordo County's Net Position
June 30, 2016**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$37,569,010	\$33,864,396	\$123,788	\$123,546	\$37,692,798	\$33,987,942
Capital Assets	42,001,128	43,897,146	1,470,827	1,556,113	43,471,955	45,453,259
Total Assets	<u>79,570,138</u>	<u>77,761,542</u>	<u>1,594,615</u>	<u>1,679,659</u>	<u>81,164,753</u>	<u>79,441,201</u>
Deferred Outflows of Resources	<u>2,786,384</u>	<u>1,394,567</u>	<u>0</u>	<u>0</u>	<u>2,786,384</u>	<u>1,394,567</u>
Long-Term Debt Outstanding	17,940,013	17,465,805	487,921	500,915	18,427,934	17,966,720
Other Liabilities	4,017,276	3,771,414	20,035	13,030	4,037,311	3,784,444
Total Liabilities	<u>21,957,289</u>	<u>21,237,219</u>	<u>507,956</u>	<u>513,945</u>	<u>22,465,245</u>	<u>21,751,164</u>
Deferred Inflows of Resources	<u>19,223,166</u>	<u>19,577,296</u>	<u>0</u>	<u>0</u>	<u>19,223,166</u>	<u>19,577,296</u>
Net Position:						
Invested in Capital Assets, Net of Related Debt	33,383,175	34,084,193	969,910	1,042,761	34,353,085	35,126,954
Restricted	8,472,965	6,172,763	0	0	8,472,965	6,172,763
Unrestricted	<u>(680,073)</u>	<u>(1,915,362)</u>	<u>116,749</u>	<u>122,953</u>	<u>(563,324)</u>	<u>(1,792,409)</u>
Total Net Position	<u>\$41,176,067</u>	<u>\$38,341,594</u>	<u>\$1,086,659</u>	<u>\$1,165,714</u>	<u>\$42,262,726</u>	<u>\$39,507,308</u>

The largest portion of the County's net position, 81.28%, is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The County uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to cover the liabilities.

The restricted portion of the County's net position, 20.05% or \$8,472,965, represents resources that are subject to external restrictions, constitution provisions, or enabling legislation on how they can be used. The remaining balance of unrestricted net position is \$(563,324) or -1.33%.

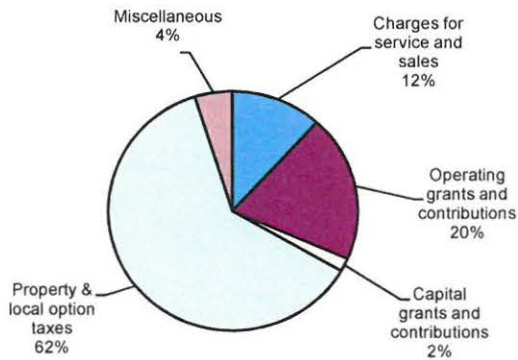
The County's net position increased \$2,755,419 during the current fiscal year. The governmental-type activities increased by \$2,834,473 and the business-type activities decreased \$79,055.

The following table highlights the County's revenues and expenses for the fiscal year ended June 30, 2016 and 2015. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for service and sales, operating grants and contributions, and capital grants and contributions. General Revenue includes taxes, investment income, and other unrestricted revenue sources.

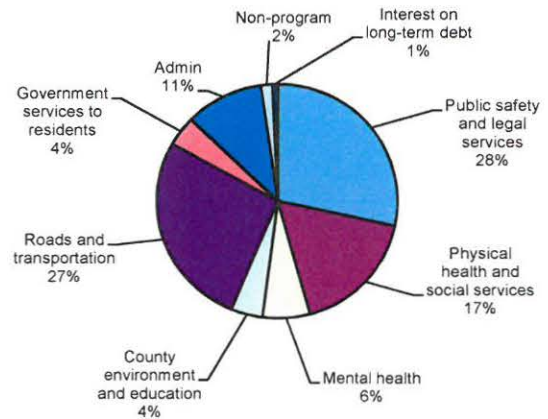
Cerro Gordo County's Changes in Net Position June 30, 2016

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for service and sales	\$3,673,092	\$2,850,522	\$84,097	\$62,871	\$3,757,189	\$2,913,393
Operating grants and contributions	6,310,156	6,299,549	0	0	6,310,156	6,299,549
Capital grants and contributions	572,773	198,500	0	0	572,773	198,500
General Revenues						
Property taxes	16,476,597	16,237,563	0	0	16,476,597	16,237,563
Penalty & interest on property tax	148,127	158,706	0	0	148,127	158,706
State tax credits	1,264,653	887,296	0	0	1,264,653	887,296
Local option sales & service tax	1,803,331	1,748,080	0	0	1,803,331	1,748,080
Tax increment financing	58,781	2,960	0	0	58,781	2,960
Unrestricted investment earnings	70,713	46,530	66	64	70,779	46,594
Miscellaneous	1,529,990	2,296,860	0	0	1,529,990	2,296,860
Loss on Disposal of Capital Assets	(48,337)	(14,457)	0	0	(48,337)	(14,457)
Total revenues	31,859,876	30,712,109	84,163	62,935	31,944,039	30,775,044
Expenses:						
Public safety and legal services	8,291,562	7,916,626	0	0	8,291,562	7,916,626
Physical health and social services	5,052,470	4,915,152	0	0	5,052,470	4,915,152
Mental health	1,842,523	2,548,983	0	0	1,842,523	2,548,983
County environment and education	1,245,636	1,164,838	0	0	1,245,636	1,164,838
Roads and transportation	7,836,177	7,098,406	0	0	7,836,177	7,098,406
Government services to residents	1,206,907	1,239,392	0	0	1,206,907	1,239,392
Administrative services	3,053,373	3,295,671	0	0	3,053,373	3,295,671
Non-program	280,242	342,098	163,218	130,172	443,460	472,270
Interest on long-term debt	216,513	390,401	0	0	216,513	390,401
Total expenses	29,025,403	28,911,567	163,218	130,172	29,188,621	29,041,739
Increase (decrease) in net position	2,834,473	1,800,542	(79,055)	(67,237)	2,755,418	1,733,305
Net position July 1,	38,341,594	36,541,052	1,165,714	1,232,951	39,507,308	37,774,003
Net position June 30,	41,176,067	38,341,594	1,086,659	1,165,714	42,262,726	39,507,308

Revenues by Type



Expenses by Program



Governmental Activities

Revenues for governmental activities increased 3.74% or \$1,147,767 over the prior year. Charges for services increased \$822,570 due to additional drainage assessments collected within the county and additional fees for mental health. The County's operating grants and contributions remained fairly constant at \$6,310,156, with a slight increase of \$10,607. Roads and transportation received additional grants in FY16, causing the capital grants and contributions to have an increase of \$374,273 over the prior year's amount of \$198,500, an increase of 188.55%. Property tax revenues increased \$239,034 due to an increase in taxable valuation in the county. Unrestricted investment earnings increased \$24,183 due to a higher investment rate of return. Miscellaneous revenue decreased \$766,870. This was due to a large private donation of \$666,000 that was received in FY15.

The cost of all governmental activities this year was \$29,025,403, an increase of \$113,836 over the prior years' \$28,911,567. However, as shown in the Statement of Activities on page 24-25, the amount the taxpayers ultimately financed for these activities through County taxes was only \$18,469,382 because some of the cost was paid by those that directly benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions.

Roads and transportation had the largest increase in expenditures of \$737,771 due to additional secondary road expenditures. Public safety and legal services also increased \$374,936 for additional expenditures for the County Attorney's Office and the County Sheriff's Department. Mental health had the largest decrease of \$706,460, from \$2,548,983 to \$1,842,523. As of July 1, 2010, mental health services have been accounted for in the newly formed County Social Services (CSS) Agency. The majority of the county expenditures for mental health are fund requests transferred to the CSS Agency. In the past fiscal years, fund transfers have been inconsistently requested by the CSS causing dramatic sways in expenditures from year to year. Administrative services experienced a decrease of \$242,298 due to the distribution of land sale proceeds to the North Iowa Events Center in FY15.

Cerro Gordo County maintained both the rural levy rate of 3.50739 and the countywide levy rate of 6.24934 for FY16. The combined tax rates resulted in decreased property tax dollars of approximately \$432,000 for mental health services and increased property tax dollars of \$324,000 for general purposes, \$66,000 for rural purposes and \$381,400 for debt service.

Business-Type Activities

Business-type activities decreased the County's net position by \$79,055.

The County's Individual Major Funds

As Cerro Gordo County completed the year, its governmental funds reported a combined fund balance of \$18,075,941, which is an increase of \$2,403,556 or 15.34% over the combined fund balance for FY15. Of this amount, \$6,322,435 represents the unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is assigned, restricted, or nonspendable. The following are the major reasons for the changes in fund balances from the prior year:

- ◆ The General Fund, as the main operating fund for Cerro Gordo County, ended FY16 with a 56.37% ending fund balance totaling \$8,010,275. This is an \$183,400 increase from the prior year's \$7,826,875 fund balance. Revenues remained fairly constant with a 0.89% increase from the prior year, or \$143,727. Expenditures experienced an increase of \$300,067, or 2.11% from FY15.

- ◆ Cerro Gordo County has continued to look for ways to effectively manage the cost of mental health services. The county, along with four other counties, entered into a 28E agreement to create the County Social Services (CSS) Agency in FY11. In FY12, three additional counties joined the CSS Agency for a total of eight counties. FY13 led to 14 additional counties joining the CSS Agency, for a total of 22 counties that comprise the CSS Agency. This agency accounts for all mental health revenues, with the exception of each county's property taxes for mental health purposes. It also accounts for the majority of the mental health expenditures. The Mental Health Fund balance increased from \$652,155 in FY15 to \$696,774, an increase of \$44,619. For the year, revenues were \$1,893,461, a decrease of \$479,185, or 20.20%, due to a decrease in property taxes. Expenditures totaled \$1,848,842, a decrease of \$712,248 or 27.81% over last year's expenditures of \$2,561,090 due to fewer reimbursement requests from CSS.
- ◆ The Rural Services Fund balance increased \$117,139 to \$1,146,429 from the prior year ending balance of \$1,029,290. Revenues increased \$80,334, from \$2,583,825 in FY15 to \$2,664,159 in FY16. Expenditures totaled \$573,514, a decrease of \$124,481, or 17.83% over last year's expenditures of \$697,995. This decrease was due to fewer Sheriff patrol cars purchased from the Rural Services Fund. The County supports the secondary roads fund with an annual property tax dollar transfer out of the rural services fund. In FY16, the transfer was \$2,000,000, up \$150,000 from the previous year.
- ◆ The Secondary Roads Fund expenditures decreased \$1,065,864 or 16.00%, from \$6,659,834 in FY15 to \$5,593,970 in FY16. This was due to a decrease in capital projects in FY16. The Secondary Roads fund balance increased \$1,593,376, from \$2,819,027 in FY15 to \$4,412,403 in FY16 primarily due to the decreased capital projects expenditures.
- ◆ The Public Health Fund ended FY16 with a fund balance of \$1,286,680, an increase of \$183,459 over the prior year's balance of \$1,103,221. Expenditures totaled \$3,875,589, an increase of \$103,001, or 2.73% over the prior year. Revenues also increased 3.42%, or \$79,345.
- ◆ The Debt Service Fund had a fund balance of \$53,625, all of which is restricted for the payment of debt.
- ◆ The Capital Projects fund balance remained at \$402,980 at June 30, 2016.

Budgetary Highlights

The county budget is based on ten functions/service areas as required by the State, not by fund or fund type. Over the course of the year, Cerro Gordo County amended its budget one time. The budgetary comparison schedule on pages 60-61 provides more information. The amendment, approved in May 2016, resulted in the following:

Revenues and Other Financing Sources increased \$1,433,251, which included:

- ◆ An increase of \$182,751 in local option sales and service tax and an increase of \$34,397 in utility replacement excise tax.
- ◆ An increase of \$1,016,592 in intergovernmental revenues comprised of \$186,097 for state tax credits, \$573,000 for additional road use tax funds, \$248,765 for Public Health department, and \$8,730 for various departments.
- ◆ A decrease of \$22,000 in licenses and permits for the County Auditor's office and the Public Health department.

- ◆ Charges for services decreased \$56,040. This was comprised of an increase of \$8,135 for fees provided by the General Assistance department, and an additional \$3,500 received by the County Treasurer for services. The Public Health department had a decrease in service fees of \$27,675 along with the County Recorder of \$40,000.
- ◆ Use of money & property decreased \$686 due to a change in land rent.
- ◆ Miscellaneous revenue increased \$251,744 due to several departments receiving additional miscellaneous revenue, with Public Health increasing \$167,234, Conservation receiving additional donations of \$75,000, and the County Sheriff receiving an additional \$39,510. There was a decrease of \$30,000 by various departments.
- ◆ Other Financing Sources of \$26,493 is proceeds from the sale of capital assets.

Expenditures and Other Financing Uses increased \$799,373 which included:

- ◆ Increase of \$112,000 in Public Safety and Legal Services. This is due to an increase of expenditures for the Medical Examiner department of \$20,000 and County Grants of \$10,000. The County Attorney department also increased their budget by \$82,000.
- ◆ Increase of \$310,836 in Physical Health and Social Services due to the following changes in the various departments: Public Health \$292,481, Case Management \$98,200, Juvenile Detention/Guidance (\$80,000), General Assistance \$5,000, and miscellaneous departments \$(4,845).
- ◆ An increase of \$2,902 in County Environment & Education for additional county grants awarded to outside agencies.
- ◆ An increase of \$571,000 in Roads and Transportation for Secondary Roads department.
- ◆ A decrease of \$116,175 in Administration stems from a decrease in expenditures for the Courthouse Maintenance department of \$35,000 and the IT (Information Technology) department of \$100,000. The GIS (Geographical Information System) department increased expenditures \$18,825.
- ◆ An increase of \$3,315 in Debt Service for additional capital loan note interest expense.
- ◆ A decrease in capital projects of \$250,000. This was a reduction in expenditures of Capital Loan Note proceeds for approved projects.

During the year, however, revenues were \$373,453 less than budgetary revenues and expenditures were \$3,784,372 less than budgetary expenditures. Iowa law requires budget amendments to specific expenditure functions/service areas, i.e., public safety and legal service, to be enacted by the Board of Supervisors no later than May 31 of each fiscal year. Since the County's fiscal year ends on June 30 and the County's budget is based on the current financial resources measurement focus and the modified accrual basis of accounting, the Board takes a conservative approach when enacting year end budget amendments. This means the comparison of actual to budgeted amounts will usually show expenditures to be well below budgeted amounts. This is especially true for the Capital Projects and Roads and Transportation service areas when projects may roll over to a subsequent fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Cerro Gordo County's investment in capital assets for its governmental and business-type activities as of June 30, 2016 was \$86,305,383, an increase of \$434,159 or .05% compared to FY15. This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery & equipment, vehicles, intangibles, and infrastructure.

Major capital asset additions during the current fiscal year included Secondary Roads infrastructure and machinery & equipment, as well as vehicles for Public Safety.

Cerro Gordo County's Capital Assets FYE 2016

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,788,492	\$ 1,788,492	\$ 62,300	\$ 62,300	\$ 1,850,792	\$ 1,850,792
Construction-in-Process	590,174	524,981	0	0	590,174	524,981
Buildings	17,506,698	17,506,698	0	0	17,506,698	17,506,698
Improvements other than Buildings	595,424	603,760	0	0	595,424	603,760
Machinery & Equipment	7,157,933	7,351,768	0	0	7,157,933	7,351,768
Vehicles	4,593,604	4,530,047	0	0	4,593,604	4,530,047
Intangibles	263,734	263,734	0	0	263,734	263,734
Infrastructure	51,040,381	50,532,801	2,706,643	2,706,643	53,747,024	53,239,444
Total	83,536,440	83,102,281	2,768,943	2,768,943	86,305,383	85,871,224
Less: Accumulated Depreciation	41,535,312	39,205,135	1,298,116	1,212,830	42,833,427	40,417,965
Total	42,001,128	43,897,146	1,470,827	1,556,113	43,471,956	45,453,259

For governmental activities, Cerro Gordo County had depreciation expense of \$3,046,994 and total accumulated depreciation of \$41,535,312 for the year ended June 30, 2016. For business-type activities, depreciation expense was \$85,286 and total accumulated depreciation was \$1,298,116 for the year end.

Additional information on Cerro Gordo County's capital assets can be found in Note 5 of this report.

Debt

As of June 30, 2016, Cerro Gordo County had total long-term debt outstanding for governmental activities of \$9,420,760, a decrease of \$1,292,089 compared to FY15. The County issued \$100,425 in drainage warrants. The change in debt also resulted from capital loan note retirement of \$1,216,500 and \$176,014 of drainage warrants. In the current year, the County paid \$1,216,500 in principal and \$219,199 in interest on outstanding debt, compared to \$402,246 in principal and \$404,889 in interest for FY15.

Sewer revenue capital loan notes (Business-Type Activities) outstanding totaled \$500,917. This is a decrease of \$12,437 due to debt retirement. Business-Type Activities paid \$12,437 in principal and \$23,101 in interest on outstanding debt in the current year.

The Code of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the county. Cerro Gordo County's outstanding general obligation debt is significantly below its limit of \$232 million.

**Cerro Gordo County's Outstanding Debt
June 30, 2016**

	2016	2015
Governmental Activities:		
Capital Loan Notes & Revenue Bonds	\$ 9,298,750	\$ 10,515,250
Drainage Warrants	122,010	197,599
Total	\$ 9,420,760	\$ 10,712,849
Business-Type Activities:		
Sewer Revenue Bonds	\$ 500,917	\$ 513,354

Additional information about the County's long-term liabilities can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

Cerro Gordo County's elected and appointed officials and citizens considered many factors when setting the 2017 fiscal year budget, tax rates, and the fees that will be charged for the various county services. One of those factors is the economy. Cerro Gordo County's unemployment rate now stands at 3.76% versus 4.52% a year ago. This compares with the State unemployment rate of 3.70% and the national rate of 4.90%.

- ◆ For the budget year ending June 30, 2017, Cerro Gordo County maintained the rural county levy rate at \$3.50739 per thousand of taxable valuation and decreased the countywide levy rate from \$6.24934 for FY16 to \$6.23314 per thousand of taxable valuation.
- ◆ The tax base for Cerro Gordo County increased 3.76% over the prior year.
- ◆ The total expenditures for the FY17 budget are \$32,796,248, an increase of \$1,535,687, or 4.91%, from the FY16 budget. A large share of the increase is due to the increase in salary and benefits for county employees, along with an additional \$925,000 in capital projects. The County has four bargaining units. Three of the contracts were re-negotiated and will expire June 30, 2017; the other re-negotiated contract expired June 30, 2016.

All these factors were considered in preparing the Cerro Gordo County budget for the June 30, 2017 fiscal year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to demonstrate the accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, contact the Cerro Gordo County Auditor's Office, 220 North Washington, Mason City, Iowa 50401.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$18,489,209	\$106,874	\$18,596,083
Receivables:			
Property Tax:			
Delinquent	30,385	0	30,385
Succeeding Year	15,988,979	0	15,988,979
Interest and Penalty on Property Tax	517	0	517
Accounts	618,976	0	618,976
Accrued Interest	16,966	0	16,966
Special Assessments	46,975	0	46,975
Drainage Assessments	40,299	0	40,299
Due From Other Governments	1,134,109	16,914	1,151,023
Inventories	1,202,595	0	1,202,595
Capital Assets:			
Land	1,788,492	62,300	1,850,792
Construction in Progress	590,174	0	590,174
Intangibles	263,734	0	263,734
Other Capital Assets	80,894,040	2,706,643	83,600,683
Less Accumulated Depreciation/Amortization	(41,535,312)	(1,298,116)	(42,833,428)
Total Assets	\$79,570,138	\$1,594,615	\$81,164,753
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	\$2,786,384	\$0	\$2,786,384
LIABILITIES			
Accounts Payable	\$968,247	\$7,039	\$975,286
Accrued Interest Payable	16,481	0	16,481
Salaries and Benefits Payable	719,929	0	719,929
Due to Other Governments	9,039	0	9,039
Long-Term Liabilities:			
Portion Due or Payable Within One Year:			
General Obligation Bonds/Revenue Notes	1,231,500	12,996	1,244,496
Compensated Absences	974,400	0	974,400
Termination Benefits	97,680	0	97,680
Portion Due or Payable After One Year:			
General Obligation Bonds/Revenue Notes	8,067,250	487,921	8,555,171
Drainage District Warrants Payable	122,010	0	122,010
Termination Benefits	74,580	0	74,580
Net Pension Liability	6,614,382	0	6,614,382
Net OPEB Liability	3,061,791	0	3,061,791
Total Liabilities	\$21,957,289	\$507,956	\$22,465,245
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	\$15,988,979	\$0	\$15,988,979
Pension Related Deferred Inflows	3,234,187	0	3,234,187
Total Deferred Inflows of Resources	\$19,223,166	\$0	\$19,223,166

(Continued)

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET POSITION June 30, 2016

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$33,383,175	\$969,910	\$34,353,085
Restricted For:			
Non-Expendable:			
Strand Endowment	60,000	0	60,000
Expendable:			
Supplemental Levy Purposes	366,282	0	366,282
Mental Health Purposes	758,839	0	758,839
Secondary Roads Purposes	4,208,850	0	4,208,850
Debt Service	39,556	0	39,556
Capital Projects	933	0	933
Other Purposes	3,038,505	0	3,038,505
Unrestricted	(680,073)	116,749	(563,324)
Total Net Position	\$41,176,067	\$1,086,659	\$42,262,726

(Concluded)

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF ACTIVITIES Year Ended June 30, 2016

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental Activities:				
Public Safety and Legal Services	\$8,291,562	\$1,054,368	\$555,361	\$0
Physical Health and Social Services	5,052,470	479,945	1,684,134	0
Mental Health	1,842,523	228,722	0	0
County Environment and Education	1,245,636	100,589	70,439	0
Roads and Transportation	7,836,177	68,131	4,000,179	572,773
Governmental Services to Residents	1,206,907	834,257	43	0
Administration	3,053,373	152,164	0	0
Non-Program	280,242	754,916	0	0
Interest on Long Term Debt	216,513	0	0	0
	<u>29,025,403</u>	<u>3,673,092</u>	<u>6,310,156</u>	<u>572,773</u>
Business-type Activities:				
Wastewater Collection and Treatment	163,218	84,097	0	0
Total	<u>\$29,188,621</u>	<u>\$3,757,189</u>	<u>\$6,310,156</u>	<u>\$572,773</u>

GENERAL REVENUES:

Property and Other County Tax Levied For:

General Purposes

Debt Service

Penalty and Interest on Property Tax

State Tax Credits, Unrestricted

Local Option Sales and Service Tax

Tax Increment Financing

Unrestricted Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$6,681,883)	\$0	(\$6,681,833)
(2,888,391)	0	(2,888,391)
(1,613,801)	0	(1,613,801)
(1,074,608)	0	(1,074,608)
(3,195,094)	0	(3,195,094)
(372,607)	0	(372,607)
(2,901,209)	0	(2,901,209)
474,674	0	474,674
(216,513)	0	(216,513)
(18,469,382)	0	(18,469,382)
0	(79,121)	(79,121)
(\$18,469,382)	(\$79,121)	(\$18,548,503)
\$15,156,934	\$0	\$15,156,934
1,319,663	0	1,319,663
148,127	0	148,127
1,264,653	0	1,264,653
1,803,331	0	1,803,331
58,781	0	58,781
70,713	66	70,779
1,481,653	0	1,481,653
21,303,855	66	21,303,921
2,834,473	(79,055)	2,755,418
38,341,594	1,165,714	39,507,308
\$41,176,067	\$1,086,659	\$42,262,726

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Assets					
Cash, Cash Equivalents and Pooled Investments	\$8,435,960	\$658,200	\$1,161,394	\$2,949,788	\$1,188,868
Receivables:					
Property Tax:					
Delinquent	21,168	2,960	3,798	0	0
Succeeding Year	11,019,972	1,379,717	2,275,940	0	0
Interest and Penalty on Property Tax	517	0	0	0	0
Accounts	159,000	0	0	2,769	116,969
Accrued Interest	16,745	0	0	0	0
Special Assessments	23,215	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Funds	272	0	0	0	0
Due From Other Governments	294,802	127,194	0	458,928	148,795
Inventories	0	0	0	1,202,595	0
Total Assets	\$19,971,651	\$2,168,071	\$3,441,132	\$4,614,080	\$1,454,632
Liabilities, Deferred Inflows of Resources And Fund Balances					
Liabilities:					
Accounts Payable	\$321,898	\$1,813	\$5,481	\$72,137	\$28,679
Salaries and Benefits Payable	443,727	14,134	9,509	120,496	130,784
Due To Other Funds	0	145	0	60	67
Due To Other Governments	8,713	0	0	0	326
Compensated Absences	0	0	0	8,984	8,096
Total Liabilities	774,338	16,092	14,990	201,677	167,952
Deferred Inflows of Resources:					
Deferred Revenues:					
Succeeding Year Property Tax	11,019,972	1,379,717	2,275,940	0	0
Other	167,066	75,488	3,773	0	0
Total Deferred Inflows of Resources	11,187,038	1,455,205	2,279,713	0	0

Debt Service	Capital Projects	Nonmajor	Total
\$53,578	\$402,980	\$1,980,127	\$16,830,895
2,459	0	0	30,385
1,244,013	0	69,337	15,988,979
0	0	0	517
0	0	14,108	292,846
0	0	221	16,966
0	0	23,760	46,975
0	0	40,299	40,299
0	0	0	272
0	0	104,375	1,134,094
0	0	0	1,202,595
<u>\$1,300,050</u>	<u>\$402,980</u>	<u>\$2,232,227</u>	<u>\$35,584,823</u>

\$0	\$0	\$30,777	\$460,785
0	0	1,279	719,929
0	0	0	272
0	0	0	9,039
0	0	0	17,080

0	0	32,056	1,207,105
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1,244,013	0	69,337	15,988,979
2,412	0	64,059	312,798
<u>1,246,425</u>	<u>0</u>	<u>133,396</u>	<u>16,301,777</u>

(Continued)

CERRO GORDO COUNTY, IOWA

BALANCE SHEET – GOVERNMENTAL FUNDS (Continued) June 30, 2016

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
Fund Balances:					
Nonspendable:					
Inventories	\$0	\$0	\$0	\$1,202,595	\$0
Trust	0	0	0	0	0
Restricted For:					
Supplemental Levy Purposes	360,095	0	0	0	0
Mental Health Purposes	0	696,774	0	0	0
Rural Services Purposes	0	0	1,146,429	0	0
Secondary Roads Purposes	0	0	0	3,209,808	0
Drainage Warrants	0	0	0	0	0
Conservation Land Acquisition	165,065	0	0	0	0
Nature Center Endowment	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Other Purposes	0	0	0	0	0
Assigned – Public Health	0	0	0	0	1,286,680
Assigned – Health Screenings	12,327	0	0	0	0
Assigned – Conservation Parks	193,428	0	0	0	0
Assigned – Capital Improvements	511,941	0	0	0	0
Assigned – Bayside	314,220	0	0	0	0
Assigned – Sheriff's Department	130,764	0	0	0	0
Unassigned	6,322,435	0	0	0	0
Total Fund Balances	8,010,275	696,774	1,146,429	4,412,403	1,286,680
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$19,971,651	\$2,168,071	\$3,441,132	\$4,614,080	\$1,454,632

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$0	\$0	\$0	\$1,202,595
0	0	60,000	60,000
0	0	0	360,095
0	0	0	696,774
0	0	0	1,146,429
0	0	0	3,209,808
0	0	120,139	120,139
0	0	0	165,065
0	0	124,630	124,630
53,625	0	0	53,625
0	402,980	0	402,980
0	0	1,762,006	1,762,006
0	0	0	1,286,680
0	0	0	12,327
0	0	0	193,428
0	0	0	511,941
0	0	0	314,220
0	0	0	130,764
0	0	0	6,322,435
53,625	402,980	2,066,775	18,075,941
\$1,300,050	\$402,980	\$2,232,227	\$35,584,823

(Concluded)

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2016

Total Governmental Fund Balances (page 29) \$18,075,941

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$83,536,440 and the accumulated depreciation/amortization is \$41,535,312. 42,001,128

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

Property Taxes – General Purposes	\$27,403	
Property Taxes – Debt Service	2,412	
Reimbursements	195,709	
Drainage Assessments/Special Assessments	<u>87,274</u>	312,798

The Internal Service Funds are used by management to charge the costs of the self funding of the County's health insurance benefit plan and the costs of centralized service operations for telephone service and property insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 1,476,997

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred Outflows of Resources	2,786,384	
Deferred Inflows of Resources	<u>(3,234,187)</u>	(447,803)

Long-term liabilities, including capital lease purchase agreements payable, bonds and notes payable, accrued interest payable, other post employment benefits payable, termination benefits payable, net pension liability and compensated absences payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (20,242,994)

Net position of governmental activities (page 23) \$41,176,067

See Notes to Financial Statements.

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CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year Ended June 30, 2016

	Special Revenue				
	General	Mental Health	Rural Services	Secondary Roads	Public Health
REVENUES:					
Property and Other County Tax	\$11,055,464	\$1,544,522	\$2,553,459	\$0	\$0
Local Option Sales Tax	180,332	0	0	991,833	0
Interest and Penalty on Property Tax	148,127	0	0	0	0
Intergovernmental	2,544,453	343,040	110,432	4,044,326	1,481,706
Licenses and Permits	18,100	0	0	14,155	101,734
Charges For Service	1,113,173	0	0	0	370,881
Use of Money and Property	270,666	0	0	0	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	709,914	5,899	268	103,777	442,768
Total Revenues	16,040,229	1,893,461	2,664,159	5,154,091	2,397,089
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	8,160,585	0	85,707	0	0
Physical Health and Social Services	1,128,398	0	0	0	3,875,589
Mental Health	0	1,848,842	0	0	0
County Environment and Education	761,672	0	221,510	0	0
Roads and Transportation	0	0	263,108	5,574,546	0
Governmental Services to Residents	1,178,537	0	3,189	0	0
Administration	2,980,678	0	0	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	19,424	0
Total Expenditures	14,209,870	1,848,842	573,514	5,593,970	3,875,589
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,830,359	44,619	2,090,645	(439,879)	(1,478,500)
Other Financing Sources (Uses):					
Sale of Capital Assets	10,000	0	26,494	12,500	0
Drainage Warrants Issued	0	0	0	0	0
Transfers In	5,000	0	0	2,000,000	1,661,959
Transfers Out	(1,661,959)	0	(2,000,000)	0	0
Total Other Financing Sources (Uses)	(1,646,959)	0	(1,973,506)	2,012,500	1,661,959
Change in Fund Balances	183,400	44,619	117,139	1,572,621	183,459
Fund Balances Beginning of Year	7,826,875	652,155	1,029,290	2,819,027	1,103,221
Increase in Reserve For: Inventories	0	0	0	20,755	0
Fund Balances End of Year	\$8,010,275	\$696,774	\$1,146,429	\$4,412,403	\$1,286,680

See Notes To Financial Statements.

Debt Service	Capital Projects	Nonmajor	Total
\$1,319,299	\$0	\$58,781	\$16,531,525
0	0	631,166	1,803,331
0	0	0	148,127
108,218	0	71,605	8,703,780
0	0	0	133,989
0	0	226,117	1,710,171
321	0	2,863	273,850
0	0	31,043	31,043
0	0	59,144	1,321,770
1,427,838	0	1,080,719	30,657,586
0	0	143,161	8,389,453
0	0	94,218	5,098,205
0	0	0	1,848,842
0	0	266,301	1,249,483
0	0	0	5,837,654
0	0	21,665	1,203,391
0	0	67,993	3,048,671
0	0	293,382	293,382
1,410,446	0	25,253	1,435,699
0	0	0	19,424
1,410,446	0	911,973	28,424,204
17,392	0	168,746	2,233,382
0	0	0	48,994
0	0	100,425	100,425
0	0	0	3,666,959
0	0	(5,000)	(3,666,959)
0	0	95,425	149,419
17,392	0	264,171	2,382,801
36,233	402,980	1,802,604	15,672,385
0	0	0	20,755
\$53,625	\$402,980	\$2,066,775	\$18,075,941

CERRO GORDO COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2016

Change in fund balances - Total governmental funds (page 32)		\$2,382,801
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Depreciation/amortization expense exceeded capital outlay expenditures and contributed capital assets in the current year as follows:		
Expenditures for Capital Assets	\$675,534	
Capital Assets Contributed by the Iowa Department of Transportation	572,773	
Depreciation/Amortization Expense	<u>(3,046,994)</u>	(1,798,687)
In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		(97,331)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:		
Property Tax	3,853	
Other	<u>169,554</u>	173,407
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year debt repayments exceeded issuances as follows:		
Drainage Warrants Issued	(100,425)	
Principal Payments	1,216,500	
Drainage Warrants Payments	<u>176,014</u>	1,292,089
The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		1,110,617
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated Absences	(95,167)	
Other Postemployment Benefits/Termination Benefits	(189,199)	
Pension Expense	(608,004)	
Interest on Long-Term Debt	<u>2,686</u>	(889,684)
The change in the amount reserved for Secondary Roads inventory is reported as an increase or decrease in reserved fund balance in the governmental funds. This amount is reported as an increase or decrease in Secondary Roads expenses in the Statement of Activities.		20,755
The Internal Service Funds are used by management to charge the costs of employee health benefits, telephone service, and property insurance to individual funds. The change in Net Position of the Internal Service Funds are reported with governmental activities.		<u>640,506</u>
Change in net position of governmental activities (page 25)		<u><u>\$2,834,473</u></u>

See Notes to Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS June 30, 2016

	Enterprise			Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility	Totals	
ASSETS				
Current Assets:				
Cash, Cash Equivalents and Pooled Investments	\$35,401	\$71,473	\$106,874	\$1,658,314
Receivables:				
Accounts	0	0	0	326,130
Due From Other Governments	11,926	4,988	16,914	15
Total Current Assets	47,327	76,461	123,788	1,984,459
Non-Current Assets:				
Capital Assets:				
Land	37,300	25,000	62,300	0
Improvements Other Than Buildings	1,542,226	1,164,417	2,706,643	0
Less Accumulated Depreciation	(634,466)	(663,650)	(1,298,116)	0
Total Non-Current Assets	945,060	525,767	1,470,827	0
Total Assets	\$992,387	\$602,228	\$1,594,615	\$1,984,459
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$6,680	\$359	\$7,039	\$507,462
Note Payable:				
Portion Due Within One Year:				
Note Payable	6,556	6,440	12,996	0
Total Current Liabilities	13,236	6,799	20,035	507,462
Non-Current Liabilities:				
Portion Due After One Year:				
Note Payable	292,670	195,251	487,921	0
Total Liabilities	305,906	202,050	507,956	507,462
NET POSITION				
Net Investment in Capital Assets	645,834	324,076	969,910	0
Unrestricted	40,647	76,102	116,749	1,476,997
	\$686,481	\$400,178	\$1,086,659	\$1,476,997

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS Year Ended June 30, 2016

	Enterprise		Totals	Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility		
OPERATING REVENUES:				
Interfund Services Provided	\$0	\$0	\$0	\$2,909,978
Employee Payments	0	0	0	171,024
Miscellaneous	54,412	29,685	84,097	497,957
Total Operating Revenues	54,412	29,685	84,097	3,578,959
OPERATING EXPENSES:				
Waste Water Treatment Facility:				
Depreciation	48,805	36,481	85,286	0
Miscellaneous	40,742	14,089	54,831	0
Health Insurance:				
Medical Claims	0	0	0	2,117,595
Insurance Premiums	0	0	0	399,166
Administrative Fees	0	0	0	64,323
Miscellaneous	0	0	0	35,455
Central Services:				
Telephone	0	0	0	33,365
Insurance	0	0	0	283,865
Flex Benefits	0	0	0	5,375
Total Operating Expenses	89,547	50,570	140,117	2,939,144
Operating Income (Loss)	(35,135)	(20,885)	(56,020)	639,815
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	27	39	66	691
Interest Expense	(13,748)	(9,353)	(23,101)	0
Total Non-Operating Revenues (Expenses)	(13,721)	(9,314)	(23,035)	691
Net Income (Loss)	(48,856)	(30,199)	(79,055)	640,506
Net Position Beginning of Year	735,337	430,377	1,165,714	836,491
Net Position End of Year	\$686,481	\$400,178	\$1,086,659	\$1,476,997

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS Year Ended June 30, 2016

	Enterprise		Totals	Internal Service
	Meservey Wastewater Collection & Treatment Facility	Swaledale Wastewater Collection & Treatment Facility		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$32,469	\$29,633	\$62,102	\$0
Cash Received from Operating Funds	0	0	0	2,803,274
Cash Received from Employees and Others	12,590	0	12,590	343,249
Cash Paid to Suppliers for Services	(34,476)	(13,907)	(48,383)	(2,642,007)
Net Cash Provided by Operating Activities	10,583	15,726	26,309	504,516
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	27	38	65	691
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Interest Expense	(13,747)	(9,353)	(23,100)	0
Note Payments	(6,274)	(6,163)	(12,437)	0
Net Cash Used in Capital and Related Financing Activities	(20,021)	(15,516)	(35,537)	0
Net Increase (Decrease) in Cash	(9,411)	248	(9,163)	505,207
Cash – Beginning of Year	44,812	71,225	116,037	1,153,107
Cash – End of Year	\$35,401	\$71,473	\$106,874	\$1,658,314
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	(\$35,135)	(\$20,885)	(\$56,020)	\$639,815
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	48,805	36,481	85,286	0
Increase in Receivables	(9,353)	(52)	(9,405)	(324,855)
Increase in Payables	6,266	182	6,448	189,556
Net Cash Provided by Operating Activities	\$10,583	\$15,726	\$26,309	\$504,516

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS June 30, 2016

ASSETS

Cash, Cash Equivalents and Pooled Investments:

County Treasurer	\$4,856,339
Other County Officials	267,762

Receivables:

Property Tax:

Delinquent	2,410
Succeeding Year	52,383,522

Accounts	35,288
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Assessments	1,048,515
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Due From Other Governments	632,541
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Total Assets	\$59,226,377
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LIABILITIES

Accounts Payable	\$1,391,028
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Salaries and Benefits Payable	36,317
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Due To Other Governments	57,370,056
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Trusts Payable	400,842
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Compensated Absences	28,134
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Total Liabilities	\$59,226,377
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NET POSITION

\$0

See Notes To Financial Statements.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2016

Note 1: Summary of Significant Accounting Policies

Cerro Gordo County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, general administrative services, and drainage district services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. REPORTING ENTITY

For financial reporting purposes, Cerro Gordo County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Cerro Gordo County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

One hundred and sixty-one drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Cerro Gordo County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Cerro Gordo County Auditor's Office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Cerro Gordo County and City Assessor's Conference Board, Cerro Gordo County Emergency Management Commission, Cerro Gordo County Joint E911 Service Board, and Advanced Law Enforcement Investigative and Administrative System Users. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. BASIS OF PRESENTATION

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is a discretionary major fund used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is utilized to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Public Health Fund is utilized to account for Federal and State grants and fees collected by the County to provide and maintain the County Public Health Department.

The Debt Service Fund is a discretionary major fund utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is a discretionary major fund used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following proprietary funds:

The Internal Service Funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Central Services Fund accounts for the costs of the centralized service operation for the telephone service and property insurance. The Health Insurance Fund accounts for the County's insurance for health insurance benefits provided by governmental funds to employees. Costs are billed to governmental funds and employees based on historical claims experience.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. The Enterprise Funds account for the activities of the Meservey Wastewater Collection and Treatment Facility and the Swaledale Wastewater Collection and Treatment Facility

Fiduciary Funds – Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's Agency Funds consist of the following:

Elected Officials - To account for the activity of various cash accounts maintained by elected officials and other County departments which have not been remitted to the County Treasurer, who acts as trustee for all pooled cash and investments of the County, or to other individuals, private entities or governments.

Relief – Representative Payee – To account for the funds of individuals incapable of managing their own affairs.

Veterans Affairs – To account for the funds used to maintain the veterans plaque.

Auditor – To account for revenues received from the sale of GIS maps, plat books, and copies.

Recorder – To account for the recording of deeds and mortgages, writing fees for DNR licenses, and the sale of various licenses (hunting, fishing, ATV, boat and snowmobile).

Sheriff – To account for fees associated with the serving of papers and the sale of gun permits.

Other Agency Funds – Clearing accounts that account for funds collected by the County on behalf of individuals and other governmental entities:

- Agricultural Extension Education
- County Assessor
- City Assessor
- Schools
- Community College
- Corporations
- Townships
- City Special Assessments
- Auto License and Use Tax
- Brucellosis and Tuberculosis Eradication
- Joint Disaster Services
- Clear Lake Sanitary District
- County EMS Association
- Advance Tax
- Cash Long/Short
- Tax Sale Redemption
- E-911 Operations
- Recorder's Transfer Fee
- Pass-Through Projects
- Empowerment
- Employee Benefits

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within sixty days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgements and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are from charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for investments in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage and Special Assessments Receivable - Drainage and special assessments receivable represents amounts assessed to individuals for work done which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are payable but not yet due.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the applicable governmental and business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	75,000
Equipment and vehicles	5,000

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Intangibles	2-20
Equipment	2-20
Vehicles	3-10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. Any accrued compensated absences that are carried over must be taken in the following fiscal year or else be lost. The compensated absence liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Road Funds.

Long-Term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

Deferred inflows of resources on the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes. In a resolution dated June 2011, the Board of Supervisors designed the County Auditor to make such determinations.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The Net Position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, disbursements did not exceed amounts budgeted, however, disbursements in certain departments exceeded the amounts appropriated.

Note 2: Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2016, the County had the following investments:

Investment	Fair Value	Maturity
Federal Farm Credit Bank (FFCB)	\$250,148	November 2019
Federal National Mortgage Association (FNMA)	250,062	October 2018
	<u>\$500,210</u>	

The County uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 2: Cash, Cash Equivalents and Pooled Investments (Continued)

The recurring fair value measurement for the FFCB securities of \$250,148 and the FNMA securities of \$250,062 were determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,000,000 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated. The County also had stamped drainage warrants and certificates of deposit valued at an amortized cost of \$122,010 and \$1,071,000, respectively.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit Risk – The County's FCCB and FNMA investments at June 30, 2016 are rated Aaa by Moody's Investors Service. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of Credit Risk – The County places no limit on the amount which may be invested in any one issuer. More than 5% of the County's total investments are in the Federal National Mortgage Association and the Federal Farm Credit Bank. The County's investments in the Federal National Mortgage Association and Federal Farm Credit Bank are 11.70% and 11.70%, respectively, of the County's total investments.

Note 3: Due from and Due to Other Funds

The detail of inter-fund receivables and payables at June 30, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue:	
	Mental Health	\$145
	Secondary Roads	60
	Public Health	67
Total		<u>\$272</u>

These balances resulted from the time lag between the dates that inter-fund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 4: Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2016 is as follows:

Transfer To	Transfer From	Amount
General Basic	Special Revenue:	
	Rural County Betterment	\$5,000
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	2,000,000
Public Health	General Basic	1,661,959
Total		<u>\$3,666,959</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 5: Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$1,788,492	\$0	\$0	\$1,788,492
Construction in progress	524,981	572,773	507,580	590,174
Total capital assets not being depreciated/amortized	2,313,473	572,773	507,580	2,378,666
Capital assets being depreciated/amortized:				
Buildings	17,506,698	0	0	17,506,698
Improvements other than buildings	603,760	0	8,336	595,424
Machinery and equipment	7,351,768	365,527	559,362	7,157,933
Vehicles	4,530,047	310,006	246,449	4,593,604
Intangibles	263,734	0	0	263,734
Infrastructure, road network	50,532,801	507,580	0	51,040,381
Total capital assets being depreciated/amortized	80,788,808	1,183,113	814,147	81,157,774
Less accumulated depreciation/amortization for:				
Buildings	4,483,060	336,100	0	4,819,160
Improvements other than buildings	482,999	8,883	2,917	488,965
Machinery and equipment	5,849,542	320,080	535,424	5,634,198
Vehicles	3,110,218	438,061	178,476	3,369,803
Intangibles	263,734	0	0	263,734
Infrastructure, road network	25,015,582	1,943,870	0	26,959,452
Total accumulated depreciation/amortization	39,205,135	3,046,994	716,817	41,535,312
Total capital assets being depreciated/amortized, net	41,583,673	(1,863,881)	97,330	39,622,462
Governmental activities capital assets, net	\$43,897,146	(\$1,291,108)	\$604,910	\$42,001,128

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:

Public safety and legal services	\$399,111
Physical health and social services	17,109
County environment and education	41,277
Roads and transportation	2,410,336
Governmental services to residents	41,093
Administration	138,068

Total depreciation/amortization expense – governmental activities

\$3,046,994

Capital asset activity of the Enterprise Funds for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets not being depreciated:				
Land	\$62,300	\$0	\$0	\$62,300
Capital Assets being depreciated:				
Infrastructure	2,706,643	0	0	2,706,643
Less accumulated depreciation for:				
Infrastructure	1,212,830	85,286	0	1,298,116
Total capital assets being depreciated, net	1,493,813	(85,286)	0	1,408,527
Business-type activities capital assets, net	\$1,556,113	(\$85,286)	\$0	\$1,470,827

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 6: Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
General	Services	\$8,713
Special Revenue:		
Public Health		326
Total Governmental Funds		<u>\$9,039</u>
Agency:	Collections	
County Assessor		\$1,546,205
City Assessor		1,319,728
Schools		26,580,097
Community Colleges		1,584,897
Corporations		22,050,322
City Special Assessments		1,037,266
Auto License and Use Tax		1,133,813
Clear Lake Sanitary		855,334
E911 Operations		649,202
All Others		613,192
Total for Agency Funds		<u><u>\$57,370,056</u></u>

Note 7: Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016, is as follows:

Governmental Activities	Capital Loan	Compensated Absences	Termination Benefits		
	Notes & Revenue Bonds				
Balance – Beginning of Year	\$10,515,250	\$879,934	\$259,380		
Increases	0	974,400	20,460		
Decreases	1,216,500	879,934	107,580		
Balance – End of Year	<u>\$9,298,750</u>	<u>\$974,400</u>	<u>\$172,260</u>		
Due within one year	<u>\$1,231,500</u>	<u>\$974,400</u>	<u>\$97,680</u>		
				Net Pension Liability	Net OPEB Liability
Balance – Beginning of Year	\$197,599	\$5,026,904	\$2,785,472	\$19,664,539	
Increases	100,425	1,587,478	343,621	3,026,384	
Decreases	176,014	0	67,302	2,447,330	
Balance – End of Year	<u>\$122,010</u>	<u>\$6,614,382</u>	<u>\$3,061,791</u>	<u>\$20,243,593</u>	
Due within one year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,303,580</u>	
					Sewer Revenue Capital Loan Notes
Balance – Beginning of Year	\$513,354				
Increases	0				
Decreases	12,437				
Balance – End of Year	<u>\$500,917</u>				
Due within one year	<u>\$12,996</u>				

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 8: General Obligation Capital Loan Notes / Local Option Sales and Service Tax Revenue Bonds

During the year ended June 30, 2007, the County issued \$9,000,000 and \$4,500,000 of General Obligation Capital Loan Notes for the purpose of constructing and equipping a new Law Enforcement Center. During the year ended June 30, 2011, the County refunded the \$2,470,000 outstanding balance of the \$4,500,000 General Obligation Capital Loan Notes issuance with the issuance of \$2,000,000 General Obligation Crossover Refunding Capital Loan Notes. This obligation was paid in full during the fiscal year ended June 30, 2015. During the year ended June 30, 2012, the County refunded the \$9,000,000 outstanding balance of the \$9,000,000 General Obligation Capital Loan Notes issuance with the issuance of \$9,365,000 General Obligation Refunding Capital Loan Notes. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Interest on each note is due annually on December 1 and principal and interest payments are due annually on June 1. Maturities of the various notes range from 2009 through 2026. Details of the outstanding note is as follows:

Year Ending June 30,	2012A \$9,365,000 Issue		
	Interest Rate	Principal	Interest
2017	2.00%	\$785,000	\$189,827
2018	2.00%	800,000	174,128
2019	2.00%	815,000	158,127
2020	2.00%	830,000	141,828
2021	2.00%	845,000	125,227
2022-2026	2.10%-2.65%	4,520,000	342,790
		<u>\$8,595,000</u>	<u>\$1,131,927</u>

During the year ended June 30, 2009, the County issued \$885,000 of Local Option Sales and Service Tax Revenue Bonds. The purpose of the bonds was for paying the County's share of the Clear Lake Dredging and Restoration Project, a rural County betterment project for the County of Cerro Gordo. The funds were to be advanced as needed for the project. As of June 30, 2009, \$300,000 had been advanced to the County. During the year ended June 30, 2010, an additional \$ 168,750 was advanced to the County. Interest payments are due semiannually, commencing December 1, 2008 and principal payments are due annually commencing June 1, 2009, maturing June 1, 2028. Payments made during fiscal year 2016 totaled \$ 21,500. Details of the outstanding bonds are as follows:

Year Ending June 30,	2008 \$885,000 Issue		
	Interest Rate	Principal	Interest
2017	1.25%	\$21,500	\$3,484
2018	1.25%	22,000	3,216
2019	1.25%	22,000	2,941
2020	1.25%	22,500	2,666
2021	1.25%	23,000	2,384
2022-2026	1.25%	118,500	7,553
2027-2028	1.25%	49,250	931
		<u>\$278,750</u>	<u>\$23,175</u>

During the year ended June 30, 2015, the County issued \$850,000 of General Obligation Capital Loan Notes for the purchase of Information Systems equipment and other courthouse improvement projects. The notes are payable from a continuing annual levy of taxes on all of the taxable property in the County. Interest on the notes is due annually on December 1 and principal and interest payments are due annually on June 1. Details of the outstanding note is as follows:

Year Ending June 30,	2015 \$850,000 Issue		
	Interest Rate	Principal	Interest
2017	1.050%	\$425,000	\$4,463

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 9: Retirement Benefits

The County offers retirement benefits to its employees. There are different criteria for different collective bargaining units and non-bargaining units, however, the general rule is: Any retiree with 30 years of service at age 58, or 20 years at age 62, will be provided with a single health insurance policy premium until the age of 65 for some, or 65 or Medicare eligible, whichever is later, for others.

At June 30, 2016, the County has obligations to thirteen participants with a total liability of \$172,260. Retirement benefits expenses for fifteen retirees for the year ended June 30, 2016 totaled \$107,580 and were paid from the General Fund and the Secondary Roads Fund.

Note 10: Drainage Warrants Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from special assessments against benefited properties.

Note 11: Operating Leases

During the fiscal year ended June 30, 2014, the County entered into operating lease agreements for four vehicles for the Cerro Gordo County Public Health Department. During the fiscal year ended June 30, 2015, the County entered into operating lease agreements for two vehicles for the Cerro Gordo County Public Health Department. Rental expense for the year ended June 30, 2016 is \$18,444. Rental payments are paid from the Public Health Fund. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2016:

Year Ending June 30,	Vehicles
2017	\$16,617
2018	2,417
Total	<u>\$19,034</u>

During the fiscal year ended June 30, 2016, the County entered into operating lease agreements for three copiers for the Cerro Gordo County Auditor, Attorney and Recorder offices. Rental expense for the year ended June 30, 2016 is \$2,339. Rental payments are paid from the General Fund. Following is a schedule of minimum future rentals for non-cancelable operating leases in effect at June 30, 2016:

Year Ending June 30,	Vehicles
2017	\$7,016
2018	7,016
2019	7,016
2020	7,016
2021	4,599
Total	<u>\$32,663</u>

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 12: Sewer Revenue Capital Loan Notes

The County has issued \$280,000 in sewer revenue capital loan notes to fund the costs of improvement and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Swaledale. The notes and interest are payable solely from the net earnings of the system and not from general funds of the County. Payments on the capital loan notes began on July 1, 1999. The capital loan notes have an interest rate of 4.50% with the final payment due July 1, 2036. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$6,440	\$9,076	\$15,516
2018	6,730	8,786	15,516
2019	7,033	8,483	15,516
2020	7,349	8,167	15,516
2021	7,680	7,836	15,516
2022-2026	43,904	33,676	77,580
2027-2031	54,713	22,867	77,580
2032-2036	67,842	9,399	77,241
	<u>\$201,691</u>	<u>\$108,290</u>	<u>\$309,981</u>

The County has also issued \$59,100, \$253,200 and \$49,000 in sewer revenue capital loan notes to fund the costs of improvements and extensions to the County's Sanitary Sewer Utility including construction of a sanitary sewer collection and treatment facility for users in the City of Meservey. The notes and interest are payable solely from the net earnings of the system and do not represent general obligations of the County. Interest payments on the capital loan notes began on July 1, 2003. The capital loan notes have an interest rate of 4.50% with final payment due by July 1, 2044. Details of the sewer revenue capital loan notes are as follows:

Year Ending June 30,	\$59,100 Note		\$253,200 Note		\$49,000 Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$1,091	\$2,184	\$4,671	\$9,358	\$794	\$1,922	\$6,556	\$13,464
2018	1,140	2,135	4,882	9,148	829	1,887	6,851	13,170
2019	1,192	2,083	5,101	8,929	867	1,849	7,160	12,861
2020	1,245	2,030	5,331	8,699	906	1,810	7,482	12,539
2021	1,301	1,974	5,571	8,459	946	1,770	7,818	12,203
2022-2026	7,436	8,939	31,848	38,302	5,410	8,170	44,694	55,411
2027-2031	9,267	7,108	39,688	30,462	6,742	6,838	55,697	44,408
2032-2036	11,549	4,826	49,459	20,691	8,402	5,178	69,410	30,695
2037-2041	14,317	1,983	61,415	8,515	10,470	3,110	86,202	13,608
2042-2044	0	0	0	0	7,356	666	7,356	666
	<u>\$48,538</u>	<u>\$33,262</u>	<u>\$207,966</u>	<u>\$142,563</u>	<u>\$42,722</u>	<u>\$33,200</u>	<u>\$299,226</u>	<u>\$209,025</u>

Note 13: Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 13: Pension Plan (Continued)

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service)
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriff, deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff, deputy and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff, deputy and protection occupation members' monthly IPERS benefit include:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member received benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member received benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll for a total rate of 14.88%. Sheriff, deputies and the County each contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 were \$1,110,617.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of \$6,614,382 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2016

Note 13: Pension Plan (Continued)

At June 30, 2015, the County's collective proportion was 0.13388130% which was an increase of 0.007128% from its collective proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$608,004. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$100,299	\$70,197
Changes of Assumptions	182,774	42,929
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,346,180	2,080,035
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	46,514	1,041,026
County Contributions Subsequent to the Measurement Date	1,110,617	0
Total	\$2,786,384	\$3,234,187

\$1,110,617 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Total
2017	(\$301,773)
2018	(301,773)
2019	(301,773)
2020	363,445
2021	4,148
Total	<u>(\$537,726)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation, Rates vary by membership group
Long-Term Investment Rate of Return (Effective June 30, 1996)	7.50 %, compounded annually, net of investment expense, including inflation
Wage Growth (Effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2016

Note 13: Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/Debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's Proportionate Share of the Net Pension Liability:	\$13,206,046	\$6,614,382	\$1,055,648

IPERS' Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 14: Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 234 active and 16 retired members in the plan. Employees must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a self-funded medical plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. The plan does not issue a stand-alone report.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for June 30, 2016, the amount actually contributed to the plan and the changes in the County's net OPEB obligation:

Annual required contribution	\$512,791
Interest on net OPEB obligation	67,175
Adjustment to annual required contribution	(236,345)
Annual OPEB cost	343,621
Contributions made	(67,302)
Increase in net OPEB obligation	276,319
Net OPEB obligation - beginning of the year	2,785,472
Net OPEB obligation – end of the year	<u>\$3,061,791</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plan's actual contributions for the year ended June 30, 2016. For the year ended June 30, 2016, the County contributed \$ 67,302 to the medical plan. Plan members receiving benefits contributed \$134,604, or 66.67% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$559,227	14.01%	\$2,516,642
June 30, 2015	\$345,810	22.26%	\$2,785,472
June 30, 2016	\$343,621	19.59%	\$3,061,791

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$3,535,140, with no actuarial value of assets, resulting in an unfunded actuarial liability (UAAL) of \$3,535,140. The covered payroll (annual payroll of active employees covered by the plan) was \$10,964,461, and the ratio of the UAAL to the covered payroll was 32.24%. As of June 30, 2016, there were no trust fund assets. The General Fund and the Special Revenue Secondary Roads Fund will be used to liquidate the net pension obligation.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 14: Other Postemployment Benefits (OPEB) (Continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

As of the July 1, 2014 actuarial date, the Frozen Entry Age Actuarial Cost method was used. The actuarial assumptions included a 2.50% discount rate based on the County's funding policy. The projected annual medical trend rate is 6.00%. An inflation rate of 0.00% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2010 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$824 per month for retirees. The salary increase rate was assumed to be 4.00% per year. The UAAL is being amortized as a level percentage on an open basis over 30 years.

Note 15: Risk Management

Cerro Gordo County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2016 were \$221,698.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2016

Note 15: Risk Management (Continued)

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$100,000, (except for the Treasurer which is \$500,000) respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 16: Employee Health Insurance Plan

The Internal Service, Health Insurance Fund was established to account for the self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark Blue Cross and Blue Shield of Iowa. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$75,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Cerro Gordo County Health Insurance Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Cerro Gordo County Health Insurance Fund. The County's contribution to the fund for the year ended June 30, 2016 was \$ 2,627,326.

Amounts payable from the Cerro Gordo County Health Insurance Fund at June 30, 2016 total \$501,276 which is for incurred but not reported (IBNR) claims, reported but not paid claims and stop-loss coverage premiums. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$1,442,154 at June 30, 2016 and is reported as a designation of the Cerro Gordo County Health Insurance Fund Net Position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liabilities for claims for the current year is as follows:

	Balance as of July 1	Current Year Claims	Claims Payments	Balance as of June 30
2015-2016	\$317,906	\$2,010,015	\$1,859,952	\$467,969

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 17: Closure and Postclosure Care Costs

Cerro Gordo County is a member of the Landfill of North Iowa. The Landfill of North Iowa is an inter-governmental agency established in accordance with the provisions of Chapter 28E of the State Code of Iowa (Inter-governmental Cooperation Agreement). The purpose of the agency is to provide for the economic disposal or collection and disposal of all solid waste produced or generated within each member city, town, and the unincorporated portion of Cerro Gordo County, comprising the municipalities. In performing its duties, the agency may contract with and expend funds from federal, state, and local agencies and private individuals and corporations.

State and federal laws and regulations require the agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, state laws require the agency to submit a closure and postclosure plan detailing the schedule for and the methods by which the operator will meet the conditions for proper closure and postclosure. The agency is in compliance with this requirement. On June 30, 2016, the County did not anticipate any additional assessments for closure and postclosure care costs.

Note 18: Related Party Transactions

Business transactions between the County and County officials or employees were noted. The transactions appear to be authorized in accordance with Chapter 331.342 of the Code of Iowa because the contract totals were less than \$1,500 for the fiscal year or the county employee did not participate in acquiring the services.

Note 19: Commitments and Contingencies

The County participates in a number of federally assisted grant programs. The programs are subject to financial and compliance audits. The amount of expenditures, if any, which may be disallowed by the granting agency is not determinable at this time; however, County officials do not believe that such amounts would be significant.

Through the Iowa Department of Transportation Farm to Market program, the County has entered into a contract with Minnowa Construction totaling \$837,500 for a bridge replacement project and a contract with Heartland Asphalt totaling \$3,144,418 for a paving project. As of June 30, 2016, costs of \$480,975 and \$109,199 respectively have been incurred on the projects. The balances remaining on the contracts will be paid as work on the project progresses.

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 20: Early Childhood Iowa Area Board

Cerro Gordo County is the fiscal agent for the Cerro Gordo, Hancock, Worth Empowerment Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2016 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State Grants:			
Early Childhood	\$80,267	\$0	\$80,267
Family Support and Parent Education	0	274,883	274,883
Preschool Support for Low-Income Families	0	120,694	120,694
Quality Improvement	0	54,493	54,493
Allocation for Administration	4,225	14,821	19,046
Other Grant Programs	0	29,330	29,330
Total State Grants	84,492	494,221	578,713
Interest on Investments	14	77	91
Total Revenues	84,506	494,298	578,804
Expenditures:			
Program Services:			
Early Childhood	54,386	0	54,386
Family Support and Parent Education	0	272,041	272,041
Preschool Support for Low-Income Families	0	123,143	123,143
Quality Improvement	0	54,493	54,493
Other Program Services	0	21,986	21,986
Total Program Services	54,386	471,663	526,049
Administration	4,225	14,730	18,955
Total Expenditures	58,611	486,393	545,004
Net Change in Fund Balance	25,895	7,905	33,800
Fund Balance Beginning of Year	8,294	70,030	78,324
Fund Balance End of Year	\$34,189	\$77,935	\$112,124

CERRO GORDO COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS June 30, 2016

Note 21: Cerro Gordo County Financial Information Included in the County Social Services Mental Health Region

County Social Services, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Allamakee County, Black Hawk County, Butler County, Cerro Gordo County, Chickasaw County, Clayton County, Emmet County, Fayette County, Floyd County, Grundy County, Hancock County, Howard County, Humbolt County, Kossuth County, Mitchell County, Pocahontas County, Tama County, Webster County, Winnebago County, Winneshiek County, Worth County, and Wright County. The financial activity of Cerro Gordo County's Special Revenue, Mental Health Fund is included in the County Social Services Mental Health region for the year ended June 30, 2016 as follows:

Revenues:		
Property and Other County Tax		\$1,544,522
Intergovernmental Revenues:		
State Tax Credits	\$127,896	
Other Intergovernmental Revenues	215,144	343,040
Miscellaneous		5,899
Total Revenues		<u>1,893,461</u>
Expenditures:		
Services to Persons With:		
Mental Illness		54,018
General Administration:		
Direct Administration	113,118	
Distribution to Regional Fiscal Agent	1,620,119	1,733,237
County Provided Case Management		61,587
Total Expenditures		<u>1,848,842</u>
Excess of Revenues Over Expenditures		44,619
Fund Balance – Beginning of Year		<u>652,155</u>
Fund Balance – End of Year		<u>\$696,774</u>

Note 22: New Accounting Pronouncement

The County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of this guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

Note 23: Subsequent Events

Management has evaluated subsequent events through December 21, 2016, the date which the financial statements were available to be issued.

Required Supplementary Information

CERRO GORDO COUNTY, IOWA

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCE – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2016**

	Actual	Less Funds Not Required To Be Budgeted	Net
REVENUES:			
Property and Other County Tax	\$18,334,856	\$0	\$18,334,856
Interest and Penalty on Property Tax	148,127	0	148,127
Intergovernmental	8,703,780	0	8,703,780
Licenses and Permits	133,989	0	133,989
Charges for Service	1,710,171	218,075	1,492,096
Use of Money and Property	273,850	33	273,817
Miscellaneous	1,352,813	0	1,352,813
Total Revenues	30,657,586	218,108	30,439,478
EXPENDITURES:			
Public Safety and Legal Services	8,389,453	0	8,389,453
Physical Health and Social Services	5,098,205	0	5,098,205
Mental Health	1,848,842	0	1,848,842
County Environment and Education	1,249,483	0	1,249,483
Roads and Transportation	5,816,899	0	5,816,899
Governmental Services to Residents	1,203,391	0	1,203,391
Administration	3,048,671	0	3,048,671
Non-Program	293,382	293,382	0
Debt Service	1,435,699	0	1,435,699
Capital Projects	19,424	0	19,424
Total Expenditures	28,403,449	293,382	28,110,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,254,137	(75,274)	2,329,411
Other Financing Sources, Net	149,419	100,425	48,994
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,403,556	25,151	2,378,405
Balance Beginning of Year	15,672,385	94,988	15,577,397
Balance End of Year	\$18,075,941	\$120,139	\$17,955,802

See Accompanying Independent Auditor's Report.

Budgeted Amounts		Final to Net Variance - Positive (Negative)
Original	Final	
\$18,262,794	\$18,479,942	(\$145,086)
163,000	163,000	(14,873)
7,901,273	8,917,865	(214,085)
139,500	117,500	16,489
1,415,886	1,359,846	132,250
223,547	222,861	50,956
1,300,173	1,551,917	(199,104)
29,406,173	30,812,931	(373,453)
8,702,324	8,814,324	424,871
5,356,742	5,667,578	569,373
2,439,446	2,439,446	590,604
1,463,369	1,466,271	216,788
5,694,852	6,265,852	448,953
1,274,283	1,274,283	70,892
3,405,156	3,288,981	240,310
0	0	0
1,434,389	1,437,704	2,005
1,490,000	1,240,000	1,220,576
31,260,561	31,894,439	3,784,372
(1,854,388)	(1,081,508)	3,410,919
12,000	38,493	10,501
(1,842,388)	(1,043,015)	3,421,420
12,857,592	15,594,026	(16,629)
\$11,015,204	\$14,551,011	\$3,404,791

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING June 30, 2016

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except blended component units, drainage districts, the Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund and capital projects funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted revenues and expenditures by \$1,406,758 and \$633,878 respectively. This budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted, however, disbursements in certain departments exceeded the amounts appropriated.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM - LAST TWO FISCAL YEARS* REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

	2015	2016
County's Collective Proportion of the Net Pension Liability	0.126753%	0.133881%
County's Collective Proportionate Share of the Net Pension Liability	\$ 5,026,904	\$ 6,614,382
County's Covered-Employee Payroll	\$ 11,356,394	\$ 11,763,018
County's Collective Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	44.26%	56.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%	85.19%

*In accordance with GASB Statement No. 68, the amounts presented in each fiscal year were determined as of June 30 of the preceding fiscal year.

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

**SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
Last Ten Fiscal Years**

	Fiscal Year			
	2007	2008	2009	2010
Statutorily Required Contribution	\$ 597,106	\$ 646,745	\$ 732,243	\$ 794,797
Contributions in Relation to the Statutorily Required Contribution	(597,106)	(646,745)	(732,243)	(794,797)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
County's Covered-Employee Payroll	\$ 9,571,729	\$ 10,089,513	\$ 10,637,529	\$ 10,993,725
Contributions as a Percentage of Covered-Employee Payroll	6.24%	6.41%	6.88%	7.23%

See Accompanying Independent Auditor's Report.

Fiscal Year					
2011	2012	2013	2014	2015	2016
869,139	\$ 1,056,889	\$ 1,065,375	\$ 1,105,050	\$ 1,139,628	\$ 1,110,617
(869,139)	(1,056,889)	(1,065,375)	(1,105,050)	(1,139,628)	(1,110,617)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,163,893	\$ 11,334,109	\$ 11,247,738	\$ 11,356,394	\$ 11,763,018	\$ 12,150,989
7.79%	9.32%	9.47%	9.73%	9.69%	9.14%

CERRO GORDO COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY YEAR ENDED JUNE 30, 2016

Changes of Benefit Terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and nation guard installation security officers – from Regular membership to the protected occupation group for future service only.

Changes of Assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN (IN THOUSANDS) REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
2009	July 1, 2008	\$0	\$2,045	\$2,045	0%	\$9,426	21.7%
2010	July 1, 2008	\$0	\$2,045	\$2,045	0%	\$9,761	20.9%
2011	July 1, 2010	\$0	\$4,399	\$4,399	0%	\$9,861	44.6%
2012	July 1, 2010	\$0	\$4,743	\$4,743	0%	\$10,446	45.4%
2013	July 1, 2012	\$0	\$4,302	\$4,302	0%	\$9,959	43.2%
2014	July 1, 2012	\$0	\$4,302	\$4,302	0%	\$10,111	42.5%
2015	July 1, 2014	\$0	\$3,535	\$3,535	0%	\$10,460	33.8%
2016	July 1, 2014	\$0	\$3,535	\$3,535	0%	\$10,964	32.2%

See Note 14 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB costs and Net OPEB Obligation, and the funded status and funding progress.

See Accompanying Independent Auditor's Report.

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Supplementary Information

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND Year ended June 30, 2016

REVENUES:

Property and Other County Tax:		
Property Tax	\$10,586,381	
Local Option Sales Tax	180,332	
Utility Tax Replacement Excise Tax	461,424	
Other County Tax	7,659	\$11,235,796
Interest and Penalty on Property Tax		148,127
Intergovernmental:		
State Shared Revenues		19,822
State Tax Credits		915,217
State and Federal Pass-Thru Revenues:		
Child Support Recovery Incentives	476,455	
Human Services Administration Reimbursement	146,804	
Other	115,242	738,501
Contributions From Other Intergovernmental Units		787,727
State Grants and Entitlements		83,186
Licenses and Permits		18,100
Charges for Service:		
Office Fees and Collections:		
County Auditor	1,557	
County Recorder	300,929	
County Sheriff	10,625	
Auto License, Use Tax and Postage	414,797	
Miscellaneous	385,265	1,113,173
Use of Money and Property:		
Interest on Investments	68,604	
Easement	23,646	
Miscellaneous	178,416	270,666
Miscellaneous:		
Reimbursements	482,617	
Miscellaneous	227,297	709,914
Total Revenues		<u>16,040,229</u>

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND Year Ended June 30, 2016

EXPENDITURES:

Operating:

Public Safety and Legal Services		\$8,160,585
Physical Health and Social Services		1,128,398
County Environment and Education		761,672
Governmental Services to Residents		1,178,537
Administration		2,980,678
Total Expenditures		<u>14,209,870</u>

Excess of Revenues Over Expenditures 1,830,359

Other Financing Sources (Uses):

Sale of Capital Assets	10,000	
Transfers In:		
Rural County Betterment	5,000	
Transfers Out:		
Public Health	<u>(1,661,959)</u>	(1,646,959)

Change in Fund Balance 183,400

Fund Balance Beginning of Year 7,826,875

Fund Balance End of Year \$8,010,275

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2016

Public Safety and Legal Services:

Law Enforcement:

Uniformed Patrol Services	\$1,610,867
Law Enforcement Communications	1,004,025
Adult Correctional Services	2,779,173
Administration	602,953
	<hr/>
	5,997,018

Legal Services:

Criminal Prosecution	1,169,679
Medical Examinations	200,460
Child Support Recovery	470,751
	<hr/>
	1,840,890

Emergency Services:

Emergency Management	32,562
Fire Protection and Rescue Services	21,000
	<hr/>
	53,562

Assistance to District Court System:

Physical Operations	1,872
Research and Other Assistance	250
	<hr/>
	2,122

Court Proceeding Program:

Juries and Witnesses	10,303
Detention Services	33,335
Court Costs	12,092
Service of Civil Papers	163,407
	<hr/>
	219,137

Juvenile Justice Administration:

Juvenile Victim Restitution	39,590
Juvenile Representation Services	332
Court-Appointed Attorneys and Court Costs for Juveniles	7,934
	<hr/>
	47,856

Total Public Safety and Legal Services

\$8,160,585

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2016

Physical Health and Social Services:

Services to the Poor:

Administration	\$288,277
General Welfare Services	29,433
	<u>317,710</u>

Services to Military Veterans:

Administration	140,667
General Services to Veterans	15,334
	<u>156,001</u>

Children's and Family Services:

Youth Guidance	<u>111,459</u>
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Services to Other Adults:

Other Social Services	<u>530,034</u>
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Chemical Dependency:

Treatment Services	10,694
Preventive Services	2,500
	<u>13,194</u>

Total Physical Health and Social Services

\$1,128,398

County Environment and Education:

Conservation and Recreation Services:

Administration	\$528,468
Maintenance and Operations	143,571
	<u>672,039</u>

Animal Control:

Animal Shelter	<u>11,907</u>
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County Development:

Land Use and Building Controls	<u>77,726</u>
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Total County Environment and Education

\$761,672

(Continued)

CERRO GORDO COUNTY, IOWA

SCHEDULE OF EXPENDITURES – GENERAL FUND Year Ended June 30, 2016

Governmental Services to Residents:

Representation Services:

Elections Administration	\$367,077	
Local Elections	50,393	
	<u>417,470</u>	

State Administrative Services:

Motor Vehicle Registrations and Licensing	386,599	
Recording of Public Documents	374,468	
	<u>761,067</u>	

Total Governmental Services to Residents

\$1,178,537

Administration:

Policy and Administration:

General County Management	\$356,117	
Administrative Management Services	535,079	
Treasury Management Services	189,822	
Other Policy and Administration	56,560	
	<u>1,137,578</u>	

Central Services:

General Services	539,900	
Information Technology Services	1,042,317	
GIS Systems	117,303	
	<u>1,699,520</u>	

Risk Management Services:

Safety of Workplace	128,179	
Fidelity of Public Officers	4,040	
Unemployment Compensation	11,361	
	<u>143,580</u>	

Total Administration

\$2,980,678

Total Expenditures

\$14,209,870

(Concluded)

See Accompanying Independent Auditor's Report.

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CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
ASSETS					
Cash, Cash Equivalents and Pooled Investments	\$123,388	\$25,368	\$7,325	\$403,628	\$104
Receivables:					
Property Tax:					
Succeeding Year	0	0	0	0	0
Accounts	0	2,176	0	8,340	0
Accrued Interest	0	2	0	82	0
Special Assessments	0	0	0	0	0
Drainage Assessments	0	0	0	0	0
Due From Other Governments	0	0	14,911	0	0
Total Assets	\$123,388	\$27,546	\$22,236	\$412,050	\$104
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$1,440	\$0
Salaries and Benefits Payable	0	0	0	1,279	0
Total Liabilities	0	0	0	2,719	0
Deferred Inflows of Resources:					
Deferred Revenues:					
Succeeding Year Property Tax	0	0	0	0	0
Other	0	0	0	0	0
	0	0	0	0	0
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted for:					
Drainage Warrants	0	0	0	0	0
Nature Center Endowment	0	0	0	124,630	0
Other Purposes	123,388	27,546	22,236	284,701	104
Total Fund Balances	123,388	27,546	22,236	409,331	104
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$123,388	\$27,546	\$22,236	\$412,050	\$104

Rural County Betterment	Economic Development	On Site Sewage Program	Sanberg Estate	Tax Increment Financing	Drainage	Strand Estate Grant
\$134,070	\$221,938	\$12,327	\$659,526	\$15,709	\$140,743	\$66,847
0	0	0	0	69,337	0	0
0	0	0	320	0	0	0
0	0	0	137	0	0	0
0	0	23,760	0	0	0	0
0	0	0	0	0	40,299	0
59,643	29,821	0	0	0	0	0
\$193,713	\$251,759	\$36,087	\$659,983	\$85,046	\$181,042	\$66,847
\$6,342	\$0	\$0	\$0	\$0	\$20,604	\$0
0	0	0	0	0	0	0
6,342	0	0	0	0	20,604	0
0	0	0	0	69,337	0	0
0	0	23,760	0	0	40,299	0
0	0	23,760	0	69,337	40,299	0
0	0	0	0	0	0	60,000
0	0	0	0	0	120,139	0
0	0	0	0	0	0	0
187,371	251,759	12,327	659,983	15,709	0	6,847
187,371	251,759	12,327	659,983	15,709	120,139	66,847
\$193,713	\$251,759	\$36,087	\$659,983	\$85,046	\$181,042	\$66,847

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (Continued)

June 30, 2016

	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
ASSETS				
Cash, Cash Equivalents and Pooled Investments	\$120,126	\$41,452	\$7,576	\$1,980,127
Receivables:				
Property Tax:				
Succeeding Year	0	0	0	69,337
Accounts	0	0	3,272	14,108
Accrued Interest	0	0	0	221
Special Assessments	0	0	0	23,760
Drainage Assessments	0	0	0	40,299
Due From Other Governments	0	0	0	104,375
Total Assets	\$120,126	\$41,452	\$10,848	\$2,232,227
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$2,391	\$0	\$0	\$30,777
Salaries and Benefits Payable	0	0	0	1,279
Total Liabilities	2,391	0	0	32,056
Deferred Inflows of Resources:				
Deferred Revenues:				
Succeeding Year Property Tax	0	0	0	69,337
Other	0	0	0	64,059
	0	0	0	133,396
Fund Balances:				
Nonspendable	0	0	0	60,000
Restricted for:				
Drainage Warrants	0	0	0	120,139
Nature Center Endowment	0	0	0	124,630
Other Purposes	117,735	41,452	10,848	1,762,006
Total Fund Balances	117,735	41,452	10,848	2,066,775
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$120,126	\$41,452	\$10,848	\$2,232,227

(Concluded)

See Accompanying Independent Auditor's Report.

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CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2016

	Resource Enhancement and Protection	Recorder's Records Management	General County Betterment	Nature Center	Supplemental Environmental Project
REVENUES:					
Property and Other County Tax	\$0	\$0	\$0	\$0	\$0
Local Option Sales Tax	0	0	90,167	0	0
Intergovernmental	68,715	0	0	0	0
Charges For Service	0	8,022	0	0	0
Use of Money and Property	51	43	0	866	0
Fines, Forfeitures and Defaults	0	0	0	0	0
Miscellaneous	0	0	0	38,364	0
Total Revenues	68,766	8,065	90,167	39,230	0
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	0	0	0	0
Physical Health and Social Services	0	0	74,948	0	0
County Environment and Education	2,866	0	2,500	41,391	0
Governmental Services to Residents	0	21,665	0	0	0
Administration	0	0	10,000	0	0
Non-Program	0	0	0	0	0
Debt Service	0	0	0	0	0
Total Expenditures	2,866	21,665	87,448	41,391	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,900	(13,600)	2,719	(2,161)	0
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Change in Fund Balances	65,900	(13,600)	2,719	(2,161)	0
Fund Balances Beginning of Year	57,488	41,146	19,517	411,492	104
Fund Balances End of Year	\$123,388	\$27,546	\$22,236	\$409,331	\$104

See Accompanying Independent Auditor's Report.

Rural County Betterment	Economic Development	On Site Sewage Program	Sanberg Estate	Tax Increment Financing	Drainage
\$0	\$0	\$0	\$0	\$58,781	\$0
360,667	180,332	0	0	0	0
0	0	0	0	2,890	0
0	0	0	0	0	218,075
0	0	0	1,673	17	33
0	0	0	0	0	0
0	0	9,282	650	0	0
360,667	180,332	9,282	2,323	61,688	218,108
119,098	0	0	0	0	0
19,270	0	0	0	0	0
78,999	80,600	157	9,648	48,996	0
0	0	0	0	0	0
57,993	0	0	0	0	0
0	0	0	0	0	293,382
25,253	0	0	0	0	0
300,613	80,600	157	9,648	48,996	293,382
60,054	99,732	9,125	(7,325)	12,692	(75,274)
0	0	0	0	0	100,425
(5,000)	0	0	0	0	0
(5,000)	0	0	0	0	100,425
55,054	99,732	9,125	(7,325)	12,692	25,151
132,317	152,027	3,202	667,308	3,017	94,988
\$187,371	\$251,759	\$12,327	\$659,983	\$15,709	\$120,139

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued) Year Ended June 30, 2016

	Strand Estate Grant	Sheriff Forfeiture	Attorney Forfeiture	Attorney Collections	Total
REVENUES:					
Property and Other County Tax	\$0	\$0	\$0	\$0	\$58,781
Local Option Sales Tax	0	0	0	0	631,166
Intergovernmental	0	0	0	0	71,605
Charges For Service	20	0	0	0	226,117
Use of Money and Property	180	0	0	0	2,863
Fines, Forfeitures and Defaults	0	21,261	9,782	0	31,043
Miscellaneous	0	0	0	10,848	59,144
Total Revenues	200	21,261	9,782	10,848	1,080,719
EXPENDITURES:					
Operating:					
Public Safety and Legal Services	0	21,737	2,326	0	143,161
Physical Health and Social Services	0	0	0	0	94,218
County Environment and Education	1,144	0	0	0	266,301
Governmental Services to Residents	0	0	0	0	21,665
Administration	0	0	0	0	67,993
Non-Program	0	0	0	0	293,382
Debt Service	0	0	0	0	25,253
Total Expenditures	1,144	21,737	2,326	0	911,973
Excess (Deficiency) of Revenues Over (Under) Expenditures	(944)	(476)	7,456	10,848	168,746
Other Financing Sources (Uses):					
Drainage Warrants Issued	0	0	0	0	100,425
Transfers Out	0	0	0	0	(5,000)
Total Other Financing Sources (Uses)	0	0	0	0	95,425
Change in Fund Balances	(944)	(476)	7,456	10,848	264,171
Fund Balances Beginning of Year	67,791	118,211	33,996	0	1,802,604
Fund Balances End of Year	\$66,847	\$117,735	\$41,452	\$10,848	\$2,066,775

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF NET POSITION – INTERNAL SERVICE FUNDS

June 30, 2016

	Central Services	Health Insurance	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments	\$39,634	\$1,618,680	\$1,658,314
Receivables:			
Accounts	1,380	324,750	326,130
Due From Other Governments	15	0	15
Total Assets	\$41,029	\$1,943,430	\$1,984,459
LIABILITIES			
Liabilities			
Accounts Payable	\$6,186	\$501,276	\$507,462
Net Position			
Unrestricted	\$34,843	\$1,442,154	\$1,476,997

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – INTERNAL SERVICE FUNDS Year Ended June 30, 2016

	Central Services	Health Insurance	Total
OPERATING REVENUES:			
Interfund Services Provided	\$282,652	\$2,627,326	\$2,909,978
Employee Payments	0	171,024	171,024
Miscellaneous	6,737	491,220	497,957
Total Operating Revenues	289,389	3,289,570	3,578,959
OPERATING EXPENSES:			
Health Insurance:			
Medical Claims	0	2,117,595	2,117,595
Insurance Premiums	0	399,166	399,166
Administrative Fees	0	64,323	64,323
Miscellaneous	0	35,455	35,455
Central Services:			
Telephone	33,365	0	33,365
Insurance	283,865	0	283,865
Flex Benefits	5,375	0	5,375
Total Operating Expenses	322,605	2,616,539	2,939,144
Operating Income (Loss)	(33,216)	673,031	639,815
NON-OPERATING REVENUES:			
Interest Income	0	691	691
Net Income (Loss)	(33,216)	673,722	640,506
Net Position Beginning of Year	68,059	768,432	836,491
Net Position End of Year	\$34,843	\$1,442,154	\$1,476,997

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CASH FLOWS – INTERNAL SERVICE FUNDS Year Ended June 30, 2016

	Central Services	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Operating Funds	\$283,528	\$2,519,746	\$2,803,274
Cash Received from Employees and Others	5,353	337,896	343,249
Cash Paid to Suppliers for Services	(316,419)	(2,325,588)	(2,642,007)
Net Cash Provided By (Used In) Operating Activities	(27,538)	532,054	504,516
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Income	0	691	691
Net Increase (Decrease) in Cash	(27,538)	532,745	505,207
Cash Beginning of Year	67,172	1,085,935	1,153,107
Cash End of Year	\$39,634	\$1,618,680	\$1,658,314
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating Income (Loss)	(\$33,216)	\$673,031	\$639,815
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Increase in Receivables	(508)	(324,347)	(324,855)
Increase in Payables	6,186	183,370	189,556
Net Cash Provided By (Used In) Operating Activities	(27,538)	\$532,054	\$504,516

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS

June 30, 2016

	Elected Officials	Other	Total
ASSETS			
Cash, Cash Equivalents and Pooled Investments:			
County Treasurer	\$0	\$4,856,339	\$4,856,339
Other County Officials	267,762	0	267,762
Receivables:			
Property Tax:			
Delinquent	0	2,410	2,410
Succeeding Year	0	52,383,522	52,383,522
Accounts	146	35,142	35,288
Assessments	0	1,048,515	1,048,515
Due From Other Governments	0	632,541	632,541
Total Assets	\$267,908	\$58,958,469	\$59,226,377
LIABILITIES			
Accounts Payable	\$0	\$1,391,028	\$1,391,028
Salaries and Benefits Payable	0	36,317	36,317
Due to Other Governments	(47)	57,370,103	57,370,056
Trusts Payable	267,955	132,887	400,842
Compensated Absences	0	28,134	28,134
Total Liabilities	\$267,908	\$58,958,469	\$59,226,377

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS June 30, 2016

	Relief Representative Payee	Veterans Affairs	Recorder	Sheriff	Total
ASSETS					
Cash, Cash Equivalents and Pooled Investments:					
Other County Officials	\$119,027	\$1,000	(\$193)	\$147,928	\$267,762
Receivables:					
Accounts	0	0	146	0	146
Total Assets	\$119,027	\$1,000	(\$47)	\$147,928	\$267,908
LIABILITIES					
Due to Other Governments	\$0	\$0	(\$47)	\$0	(\$47)
Trusts Payable	119,027	1,000	0	147,928	267,955
Total Liabilities	\$119,027	\$1,000	(\$47)	\$147,928	\$267,908

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS

June 30, 2016

	Agricultural Extension Education	County Assessor	City Assessor	Schools
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$2,343	\$995,828	\$738,505	\$245,191
Receivables:				
Property Tax:				
Delinquent	11	6	49	1,184
Succeeding Year	257,950	673,368	613,182	26,333,722
Accounts	0	0	0	0
Assessments	0	0	0	0
Due From Other Governments	0	0	0	0
Total Assets	\$260,304	\$1,669,202	\$1,351,736	\$26,580,097
LIABILITIES				
Accounts Payable	\$0	\$83,200	\$11,059	\$0
Salaries and Benefits Payable	0	19,362	13,250	0
Due to Other Governments	260,304	1,546,205	1,319,728	26,580,097
Trusts Payable	0	0	0	0
Compensated Absences	0	20,435	7,699	0
Total Liabilities	\$260,304	\$1,669,202	\$1,351,736	\$26,580,097

See Accompanying Independent Auditor's Report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication
\$14,020	\$200,034	\$3,348	\$39,970	\$1,133,813	\$65
63	1,089	4	0	0	0
1,570,814	21,847,296	284,769	0	0	7,188
0	0	0	0	0	0
0	1,903	0	997,296	0	0
0	0	0	0	0	0
<u>\$1,584,897</u>	<u>\$22,050,322</u>	<u>\$288,121</u>	<u>\$1,037,266</u>	<u>\$1,133,813</u>	<u>\$7,253</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
1,584,897	22,050,322	288,121	1,037,266	1,133,813	7,253
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$1,584,897</u>	<u>\$22,050,322</u>	<u>\$288,121</u>	<u>\$1,037,266</u>	<u>\$1,133,813</u>	<u>\$7,253</u>

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) June 30, 2016

	Joint Disaster Services	Clear Lake Sanitary District	County EMS Association	Advance Tax	Cash Long/Short
ASSETS					
Cash, Cash Equivalents and Pooled Investments:					
County Treasurer	\$51,522	\$10,781	\$6,702	\$99,540	\$632
Receivables:					
Property Tax:					
Delinquent	0	4	0	0	0
Succeeding Year	0	795,233	0	0	0
Accounts	0	0	0	0	0
Assessments	0	49,316	0	0	0
Due From Other Governments	11,512	0	0	0	0
Total Assets	\$63,034	\$855,334	\$6,702	\$99,540	\$632
LIABILITIES					
Accounts Payable	\$7,359	\$0	\$3,391	\$0	\$0
Salaries and Benefits Payable	3,705	0	0	0	0
Due to Other Governments	51,970	855,334	3,311	0	632
Trusts Payable	0	0	0	99,540	0
Compensated Absences	0	0	0	0	0
Total Liabilities	\$63,034	\$855,334	\$6,702	\$99,540	\$632

E911 Operations	Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$520,816	\$881	\$680,018	\$112,124	\$206	\$4,856,339
0	0	0	0	0	2,410
0	0	0	0	0	52,383,522
29,000	767	0	0	5,375	35,142
0	0	0	0	0	1,048,515
137,818	0	483,211	0	0	632,541
<u>\$687,634</u>	<u>\$1,648</u>	<u>\$1,163,229</u>	<u>\$112,124</u>	<u>\$5,581</u>	<u>\$58,958,469</u>
\$38,432	\$0	\$1,163,229	\$83,224	\$1,134	\$1,391,028
0	0	0	0	0	36,317
649,202	1,648	0	0	0	57,370,103
0	0	0	28,900	4,447	132,887
0	0	0	0	0	28,134
<u>\$687,634</u>	<u>\$1,648</u>	<u>\$1,163,229</u>	<u>\$112,124</u>	<u>\$5,581</u>	<u>\$58,958,469</u>

(Concluded)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ALL AGENCY FUNDS Year Ended June 30, 2016

	Elected Officials			Balance June 30, 2016
	Balance July 1, 2015	Additions	Deductions	
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
Other County Officials	\$235,542	\$3,302,889	\$3,270,669	\$267,762
Receivables:				
Accounts	277	146	277	146
Total Assets	\$235,819	\$3,303,035	\$3,270,946	\$267,908
LIABILITIES				
Due to Other Governments	(\$1,076)	\$3,035,080	\$3,034,051	(\$47)
Trusts Payable	236,895	267,955	236,895	267,955
Total Liabilities	\$235,819	\$3,303,035	\$3,270,946	\$267,908

	Other Agency Funds			Balance June 30, 2016
	Balance July 1, 2015	Additions	Deductions	
ASSETS				
Cash, Cash Equivalents and Pooled Investments:				
County Treasurer	\$4,018,800	\$25,285,714	\$24,448,175	\$4,856,339
Receivables:				
Property Tax:				
Delinquent	19,815	2,410	19,815	2,410
Succeeding Year	52,591,859	52,383,522	52,591,859	52,383,522
Accounts	32,345	35,142	32,345	35,142
Assessments	1,184,031	1,048,515	1,184,031	1,048,515
Due From Other Governments	116,649	632,541	116,649	632,541
Total Assets	\$57,963,499	\$79,387,844	\$78,392,874	\$58,958,469
LIABILITIES				
Accounts Payable	\$408,564	\$1,391,028	\$408,564	\$1,391,028
Salaries and Benefits Payable	29,898	36,317	29,898	36,317
Due to Other Governments	57,571,489	77,799,478	78,000,864	57,370,103
Trusts Payable	(72,635)	132,887	(72,635)	132,887
Compensated Absences	26,183	28,134	26,183	28,134
Total Liabilities	\$57,963,499	\$79,387,844	\$78,392,874	\$58,958,469

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – ELECTED OFFICIALS Year Ended June 30, 2016

	Relief Representative Payee	Veterans Affairs	Auditor	Recorder	Sheriff	Total
ASSETS AND LIABILITIES						
Balance Beginning of Year	\$77,356	\$1,000	\$0	(\$1,076)	\$158,539	\$235,819
Additions:						
Office Fees and Collections	0	0	1,557	930,959	984,911	1,917,427
Trusts	924,531	40	0	0	461,037	1,385,608
Total Additions	924,531	40	1,557	930,959	1,445,948	3,303,035
Deductions:						
Agency Remittances:						
To County Funds	0	0	1,557	300,929	10,625	313,111
To Other Governments	0	0	0	628,626	115,297	743,923
Trusts Paid Out	882,860	40	0	375	1,330,637	2,213,912
Total Deductions	882,860	40	1,557	929,930	1,456,559	3,270,946
Balance End of Year	\$119,027	\$1,000	\$0	(\$47)	\$147,928	\$267,908

See Accompanying Independent Auditor's Report.

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS Year Ended June 30, 2016

	Agricultural Extension Education	County Assessor	City Assessor	Schools	Community Colleges
ASSETS AND LIABILITIES					
Balance Beginning of Year	\$255,285	\$1,624,959	\$1,254,584	\$26,547,277	\$1,526,982
Additions:					
Property and Other County Tax	269,609	724,424	617,476	27,416,612	1,640,555
E911 Surcharge	0	0	0	0	0
State Tax Credits	21,908	38,064	73,092	2,379,864	131,099
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	0	0	0
Trusts	0	0	0	0	0
Miscellaneous	0	61	0	0	0
Total Additions	291,517	762,549	690,568	29,796,476	1,771,654
Deductions:					
Agency Remittances:					
To Other Governments	286,498	718,306	593,416	29,763,656	1,713,739
Trusts Paid Out	0	0	0	0	0
Total Deductions	286,498	718,306	593,416	29,763,656	1,713,739
Balance End of Year	\$260,304	\$1,669,202	\$1,351,736	\$26,580,097	\$1,584,897

See Accompanying Independent Auditor's Report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	Brucellosis and Tuberculosis Eradication	Joint Disaster Services	Clear Lake Sanitary District
\$22,421,000	\$288,110	\$1,201,773	\$1,072,363	\$7,051	\$58,953	\$813,238
22,057,008	310,110	0	0	22,023	0	819,720
0	0	0	0	0	0	0
2,220,993	13,878	0	0	605	0	40,724
0	0	0	12,291,725	0	0	0
8,805	0	120,548	0	0	0	40,529
0	0	0	0	0	0	0
0	0	0	0	0	129,800	0
24,286,806	323,988	120,548	12,291,725	22,628	129,800	900,973
24,657,484	323,977	285,055	12,230,275	22,426	125,719	858,877
0	0	0	0	0	0	0
24,657,484	323,977	285,055	12,230,275	22,426	125,719	858,877
\$22,050,322	\$288,121	\$1,037,266	\$1,133,813	\$7,253	\$63,034	\$855,334

(Continued)

CERRO GORDO COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES – OTHER AGENCY FUNDS (Continued) Year Ended June 30, 2016

	County EMS Association	Advance Tax	Cash Long/Short	Tax Sale Redemption	E911 Operations
ASSETS AND LIABILITIES					
Balance Beginning of Year	\$9,784	\$98,907	\$415	\$0	\$654,593
Additions:					
Property and Other County Tax	0	0	0	0	0
E911 Surcharge	0	0	0	0	444,952
State Tax Credits	0	0	0	0	0
Auto Licenses, Use Tax and Postage	0	0	0	0	0
Assessments	0	0	0	0	0
Trusts	0	633	0	572,900	0
Miscellaneous	6,336	0	217	0	248
Total Additions	6,336	633	217	572,900	445,200
Deductions:					
Agency Remittances:					
To Other Governments	9,418	0	0	0	412,159
Trusts Paid Out	0	0	0	572,900	0
Total Deductions	9,418	0	0	572,900	412,159
Balance End of Year	\$6,702	\$99,540	\$632	\$0	\$687,634

Recorder's Transfer Fee	Pass Through Projects	Empowerment	Employee Benefits	Total
\$1,488	\$40,783	\$78,324	\$7,630	\$57,963,499
0	0	0	0	53,877,537
0	0	0	0	444,952
0	0	0	0	4,920,227
0	0	0	0	12,291,725
0	0	0	0	169,882
0	6,085,272	578,804	301,228	7,538,837
8,022	0	0	0	144,684
8,022	6,085,272	578,804	301,228	79,387,844
7,862	0	0	0	72,008,867
0	4,962,826	545,004	303,277	6,384,007
7,862	4,962,826	545,004	303,277	78,392,874
\$1,648	\$1,163,229	\$112,124	\$5,581	\$58,958,469

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNDING SOURCE

Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
ASSETS				
Land	\$ 1,788,492	\$ 0	\$ 0	\$ 1,788,492
Construction in Progress	524,981	572,773	507,580	590,174
Buildings	17,506,698	0	0	17,506,698
Improvements other than Buildings	603,760	0	8,336	595,424
Machinery and Equipment	7,351,768	365,527	559,362	7,157,933
Vehicles	4,530,047	310,006	246,449	4,593,604
Intangibles	263,734	0	0	263,734
Infrastructure, road network	50,532,801	507,580	0	51,040,381
	<u>\$ 83,102,281</u>	<u>\$ 1,755,886</u>	<u>\$ 1,321,727</u>	<u>\$ 83,536,440</u>
FUNDING SOURCE				
General Fund	\$ 6,601,808	\$ 119,225	\$ 260,978	\$ 6,460,055
Special Revenue Funds	62,106,864	1,636,661	1,015,410	62,728,115
Capital Project Fund	14,393,609	0	45,339	14,348,270
	<u>\$ 83,102,281</u>	<u>\$ 1,755,886</u>	<u>\$ 1,321,727</u>	<u>\$ 83,536,440</u>

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY AS OF JUNE 30, 2016

	Land	Construction in Progress	Buildings
Public Safety and Legal Services			
Law Enforcement	\$ 0	\$ 0	\$ 13,273,609
Legal Services	0	0	90,020
Total Public Safety and Legal Services	0	0	13,363,629
Physical Health and Social Services:			
Physical Health Services	0	0	0
Services to Poor	0	0	0
Total Physical Health and Social Services	0	0	0
Mental Health, MR & DD:			
Chronic Mental Illness	0	0	0
Total Mental Health, MR & DD	0	0	0
County Environment and Education:			
Conservation and Recreation Services	292,898	0	490,292
County Development	0	0	0
Total County Environment and Education	292,898	0	490,292
Roads & Transportation:			
Secondary Roads Administration and Engineering	0	0	325,259
Roadway Maintenance	0	590,174	0
General Roadway Expenditures	0	0	266,661
Total Roads & Transportation	0	590,174	591,920
Government Services to Residents:			
Representation Services	0	0	0
State Administration Services	0	0	0
Total Government Services to Residents	0	0	0
Administration:			
Policy and Administration		0	417,192
Central Services	1,495,594	0	2,643,665
Total Administration	1,495,594	0	3,060,857
Total Capital Assets	\$ 1,788,492	\$ 590,174	\$ 17,506,698

Improvements other than Buildings	Machinery and Equipment	Vehicles	Intangibles	Infrastructure, road network	Total
\$ 35,379	\$ 441,139	\$ 716,541	\$ 0	\$ 0	\$ 14,466,668
0	10,925	0	0	0	100,945
35,379	452,064	716,541	0	0	14,567,613
0	266,593	22,343	0	0	288,936
0	7,996	0	0	0	7,996
0	274,589	22,343	0	0	296,932
0	0	13,037	0	0	13,037
0	0	13,037	0	0	13,037
132,939	265,325	236,536	0	0	1,417,990
0	5,157	10,641	0	0	15,798
132,939	270,482	247,177	0	0	1,433,788
31,151	88,868	22,854	0	0	468,132
0	97,920	137,803	0	51,040,381	51,866,278
0	4,927,453	3,433,849	0	0	8,627,963
31,151	5,114,241	3,594,506	0	51,040,381	60,962,373
0	199,023	0	97,786	0	296,809
0	36,943	0	0	0	36,943
0	235,966	0	97,786	0	333,752
	54,538	0	0	0	471,730
395,955	756,053	0	165,948	0	5,457,215
395,955	810,591	0	165,948	0	5,928,945
\$ 595,424	\$ 7,157,933	\$ 4,593,604	\$ 263,734	\$ 51,040,381	\$ 83,536,440

CERRO GORDO COUNTY, IOWA

SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY

Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Public Safety and Legal Services				
Law Enforcement	\$ 14,462,360	\$ 207,551	\$ 203,243	\$ 14,466,668
Legal Services	124,257	0	23,312	100,945
Total Public Safety and Legal Services	14,586,617	207,551	226,555	14,567,613
Physical Health and Social Services:				
Physical Health Services	295,951	0	7,015	288,936
Services to Poor	14,366	0	6,370	7,996
Total Physical Health and Social Services	310,317	0	13,385	296,932
Mental Health, MR & DD:				
Persons with Chronic Mental Illness	19,298	0	6,261	13,037
Total Mental Health, MR & DD	19,298	0	6,261	13,037
County Environment and Education:				
Conservation and Recreation Services	1,442,711	35,950	60,671	1,417,990
County Development	15,798	0	0	15,798
Total County Environment and Education	1,458,509	35,950	60,671	1,433,788
Roads & Transportation:				
Secondary Roads Administration & Engineering	468,132	0	0	468,132
Roadway Maintenance	51,293,505	1,080,354	507,581	51,866,278
General Roadway Expenditures	8,542,082	352,595	266,714	8,627,963
Total Roads & Transportation	60,303,719	1,432,949	774,295	60,962,373
Government Services to Residents:				
Representation Services	280,012	16,797	0	296,809
State Administration Services	54,872	15,400	33,329	36,943
Total Government Services to Residents	334,884	32,197	33,329	333,752
Administration:				
Policy and Administration	485,906	0	14,176	471,730
Central Services	5,603,031	47,239	193,055	5,457,215
Total Administration	6,088,937	47,239	207,231	5,928,945
Total Capital Assets	\$ 83,102,281	\$ 1,755,886	\$ 1,321,727	\$ 83,536,440

STATISTICAL SECTION

CERRO GORDO COUNTY, IOWA

STATISTICAL SECTION

June 30, 2016

This part of Cerro Gordo County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	98-107
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	108-117
Debt Capacity These schedules present information to help the readers assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	118-122
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	123-124
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	125-130

CERRO GORDO COUNTY, IOWA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
Government activities:				
Invested in capital assets, net of related debt	\$ 25,918,908	\$ 26,166,841	\$ 28,174,721	\$ 29,988,315
Restricted	7,059,287	6,552,918	8,449,567	7,113,380
Unrestricted	4,705,865	5,609,581	5,136,789	5,173,073
Total government activities net position	\$ 37,684,060	\$ 38,329,340	\$ 41,761,077	\$ 42,274,768
Business-type activities:				
Invested in capital assets, net of related debt	\$ 1,971,672	\$ 1,910,172	\$ 1,490,330	\$ 1,414,592
Restricted	0	0	0	0
Unrestricted	(240,350)	(270,020)	83,268	92,301
Total business-type activities net position	\$ 1,731,322	\$ 1,640,152	\$ 1,573,598	\$ 1,506,893
Primary Government:				
Invested in capital assets, net of related debt	\$ 27,890,580	\$ 28,077,013	\$ 29,665,051	\$ 31,402,907
Restricted	7,059,287	6,552,918	8,449,567	7,113,380
Unrestricted	4,465,515	5,339,561	5,220,057	5,265,374
Total primary government net position	\$ 39,415,382	\$ 39,969,492	\$ 43,334,675	\$ 43,781,661

Source: County Records

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 30,961,033	\$ 31,446,880	\$ 33,106,986	\$ 34,748,299	\$ 34,084,193	\$ 33,383,175
7,714,036	5,912,520	5,221,592	6,340,085	6,172,763	8,472,965
4,918,867	4,179,261	4,531,042	3,918,057	(1,915,362)	(680,073)
<u>\$ 43,593,936</u>	<u>\$ 41,538,661</u>	<u>\$ 42,859,620</u>	<u>\$ 45,006,441</u>	<u>\$ 38,341,594</u>	<u>\$ 41,176,067</u>
\$ 1,339,288	\$ 1,264,433	\$ 1,189,440	\$ 1,116,146	\$ 1,042,761	\$ 969,910
0	0	0	0	0	0
95,914	100,842	113,468	116,805	122,953	116,749
<u>\$ 1,435,202</u>	<u>\$ 1,365,275</u>	<u>\$ 1,302,908</u>	<u>\$ 1,232,951</u>	<u>\$ 1,165,714</u>	<u>\$ 1,086,659</u>
\$ 32,300,321	\$ 32,711,313	\$ 34,296,426	\$ 35,864,445	\$ 35,126,954	\$ 34,353,085
7,714,036	5,912,520	5,221,592	6,340,085	6,172,763	8,472,965
5,014,781	4,280,103	4,644,510	4,034,862	(1,792,409)	(563,324)
<u>\$ 45,029,138</u>	<u>\$ 42,903,936</u>	<u>\$ 44,162,528</u>	<u>\$ 46,239,392</u>	<u>\$ 39,507,308</u>	<u>\$ 42,262,726</u>

CERRO GORDO COUNTY, IOWA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
Expenses:				
Government activities:				
Public safety and legal services	\$ 5,598,566	\$ 6,549,905	\$ 7,202,831	\$ 7,269,875
Physical health and social services	4,730,060	4,884,946	5,111,164	4,726,961
Mental health	5,851,088	6,373,624	5,813,641	5,943,074
County environment and education	1,128,411	1,536,823	1,676,138	1,329,604
Roads and transportation	6,085,524	5,944,155	6,534,326	7,061,925
Government services to residents	895,995	998,437	1,019,291	969,501
Administration or general government	2,227,192	2,448,491	2,166,888	2,920,542
Non-program	266,798	172,344	916,010	2,399,569
Interest on long-term debt	604,169	557,654	535,303	513,578
Total governmental activities expenses	27,387,803	29,466,379	30,975,592	33,134,629
Business-type activities:				
Wastewater collection and treatment	144,092	165,782	140,356	133,970
Total government expenses	\$ 27,531,895	\$ 29,632,161	\$ 31,115,948	\$ 33,268,599
Program Revenues:				
Government activities:				
Charges for services:				
Public safety and legal services	\$ 457,988	\$ 900,473	\$ 893,693	\$ 921,982
Physical health and social services	500,140	579,215	574,979	649,560
Mental health	52,699	586,315	548,039	557,386
County environment and education	78,750	63,167	90,782	78,204
Roads and Transportation	100,061	23,057	57,906	58,176
Government services to residents	677,734	721,702	641,497	694,326
Administration or general government	257,804	232,344	253,284	187,016
Non-program	87,828	89,556	153,355	228,208
Operating grants and contributions	10,668,131	8,755,036	9,992,973	7,396,827
Capital grants and contributions revenues	850,690	611,123	3,974,119	5,371,687
	13,731,825	12,561,988	17,180,627	16,143,372
Business-type activities:				
Charges for services:				
Wastewater collection and treatment revenues	60,990	74,612	73,802	67,217
Total government program revenues	\$ 13,792,815	\$ 12,636,600	\$ 17,254,429	\$ 16,210,589

Source: County Records

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 7,580,694	\$ 7,841,364	\$ 8,030,019	\$ 8,402,604	\$ 7,916,626	\$ 8,291,562	
5,289,561	4,816,751	4,932,071	5,066,738	4,915,152	5,052,470	
660,626	3,805,315	2,371,135	2,030,635	2,548,983	1,842,523	
1,171,665	1,267,463	1,152,679	1,917,261	1,164,838	1,245,636	
6,838,237	6,906,435	6,732,570	7,167,177	7,098,406	7,836,177	
1,117,534	1,118,476	1,118,470	1,117,636	1,239,392	1,206,907	
2,482,454	2,697,211	2,924,656	2,771,301	3,295,671	3,053,373	
240,487	217,755	204,592	283,087	342,098	280,242	
515,350	799,924	426,969	415,531	390,401	216,513	
25,896,608	29,470,694	27,893,161	29,171,970	28,911,567	29,025,403	
137,781	136,701	129,405	134,236	130,172	163,218	
\$ 26,034,389	\$ 29,607,395	\$ 28,022,566	\$ 29,306,206	\$ 29,041,739	\$ 29,188,621	
\$ 924,425	\$ 949,400	\$ 1,035,154	\$ 1,011,057	\$ 1,105,818	\$ 1,054,368	
413,120	375,956	363,339	430,535	413,983	479,945	
43,112	0	26	0	102,868	228,722	
80,193	86,241	80,471	195,454	156,790	100,589	
53,251	19,285	61,890	30,591	36,305	68,131	
674,094	728,588	714,053	827,250	727,195	834,257	
176,074	208,308	181,257	375,668	78,154	152,164	
182,654	204,314	173,985	233,391	229,409	754,916	
6,339,798	5,735,343	5,855,315	6,290,644	6,299,549	6,310,156	
429,002	937,276	1,651,919	2,152,813	198,500	572,773	
9,315,723	9,244,711	10,117,409	11,547,403	9,348,571	10,556,021	
66,040	66,716	66,979	64,219	62,871	84,097	
66,040	66,716	66,979	64,219	62,871	84,097	
\$ 9,381,763	\$ 9,311,427	\$ 10,184,388	\$ 11,611,622	\$ 9,411,442	\$ 10,640,118	

(Continued)

CERRO GORDO COUNTY, IOWA

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
Net (Expense)/Revenue:				
Governmental activities	\$ (13,655,978)	\$ (16,904,391)	\$ (13,794,965)	\$ (16,991,257)
Business-type activities	(83,102)	(91,170)	(66,554)	(66,753)
Total government net expense	<u>\$ (13,739,080)</u>	<u>\$ (16,995,561)</u>	<u>\$ (13,861,519)</u>	<u>\$ (17,058,010)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities				
Property and other county tax levied for:				
General purposes	\$ 11,789,658	\$ 12,116,096	\$ 12,881,530	\$ 13,373,304
Debt service	1,465,976	1,396,144	952,133	951,217
Penalty and interest on property tax	130,746	146,433	166,230	174,381
State tax credits, unrestricted	498,856	483,910	457,716	443,450
Local option sales and service tax	1,520,121	1,787,415	1,539,950	1,424,656
Tax Increment Financing	0	0	0	0
Grants & contribution not restricted to specific purpose	0	0	0	0
Unrestricted investment earnings	1,141,111	718,515	282,175	134,595
Loss on Disposal of Capital Assets	(18,897)	(24,774)	(19,063)	(582,918)
Miscellaneous	358,647	925,932	966,031	1,464,133
Total governmental activities	<u>16,886,218</u>	<u>17,549,671</u>	<u>17,226,702</u>	<u>17,382,818</u>
Business-type activities:				
Wastewater collection and treatment	0	0	0	48
Total business-type activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48</u>
Total government	<u>\$ 16,886,218</u>	<u>\$ 17,549,671</u>	<u>\$ 17,226,702</u>	<u>\$ 17,382,866</u>
Change in Net Position:				
Governmental activities	\$ 3,230,240	\$ 645,280	\$ 3,431,737	\$ 391,561
Business-type activities	(83,102)	(91,170)	(66,554)	(66,705)
Total government program revenues	<u>\$ 3,147,138</u>	<u>\$ 554,110</u>	<u>\$ 3,365,183</u>	<u>\$ 324,856</u>

Source: County Records

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (16,580,885)	\$ (20,225,983)	\$ (17,775,752)	\$ (17,624,567)	\$ (19,562,996)	\$ (18,469,382)
(71,741)	(69,985)	(62,426)	(70,017)	(67,301)	(79,121)
\$ (16,652,626)	\$ (20,295,968)	\$ (17,838,178)	\$ (17,694,584)	\$ (19,630,297)	\$ (18,548,503)

\$ 13,558,781	\$ 14,012,037	\$ 14,527,567	\$ 15,474,761	\$ 15,286,100	\$ 15,156,934
950,610	936,277	936,215	932,567	951,463	1,319,663
161,757	163,122	153,414	152,169	158,706	148,127
408,057	420,545	466,927	565,129	887,296	1,264,653
1,650,341	1,682,466	1,584,772	1,505,343	1,748,080	1,803,331
0	0	0	8,912	2,960	58,781
0	0	0	0	0	0
110,664	88,847	48,577	42,439	46,530	70,713
(16,798)	(34,141)	(13,888)	(10,724)	(14,457)	(48,337)
1,076,641	952,897	1,393,127	1,100,792	2,296,860	1,529,990
17,900,053	18,222,050	19,096,711	19,771,388	21,363,538	21,303,855

50	58	59	60	64	66
\$ 50	\$ 58	\$ 59	\$ 60	\$ 64	\$ 66
\$ 17,900,103	\$ 18,222,108	\$ 19,096,770	\$ 19,771,448	\$ 21,363,602	\$ 21,303,921

\$ 1,319,168	\$ (2,003,933)	\$ 1,320,959	\$ 2,146,821	\$ 1,800,542	\$ 2,834,473
(71,691)	(69,927)	(62,367)	(69,957)	(67,237)	(79,055)
\$ 1,247,477	\$ (2,073,860)	\$ 1,258,592	\$ 2,076,864	\$ 1,733,305	\$ 2,755,418

(Concluded)

CERRO GORDO COUNTY, IOWA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	414,957	611,152	792,804	1,062,596
Committed			0	0
Assigned	791,825	836,483	885,085	1,026,793
Unassigned	4,115,092	4,263,906	4,285,163	4,207,065
Total General Fund	<u>\$5,321,874</u>	<u>\$5,711,541</u>	<u>\$5,963,052</u>	<u>\$6,296,454</u>
All Other Governmental Funds				
Nonspendable	\$1,099,959	\$1,480,937	\$1,062,380	\$1,203,806
Restricted	11,137,918	4,586,705	6,105,723	5,200,556
Committed	0	0	0	0
Assigned	656,143	635,649	721,725	893,266
Unassigned	0	(254,172)	0	(20,262)
Total all other governmental funds	<u>\$12,894,020</u>	<u>\$6,449,119</u>	<u>\$7,889,828</u>	<u>\$7,277,366</u>
Total Fund Balance All Governmental Funds	<u>\$18,215,894</u>	<u>\$12,160,660</u>	<u>\$13,852,880</u>	<u>\$13,573,820</u>

Source: County Records

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$0	\$0	\$0	\$0	\$0	\$0
591,110	162,622	48,546	185,143	250,958	525,160
0	0	0	0	0	0
1,296,116	1,208,277	1,267,562	1,086,036	1,102,657	1,162,680
4,550,586	4,976,088	5,295,536	6,143,872	6,473,260	6,322,435
<u>\$6,437,812</u>	<u>\$6,346,987</u>	<u>\$6,611,644</u>	<u>\$7,415,051</u>	<u>\$7,826,875</u>	<u>\$8,010,275</u>
\$1,384,730	\$1,273,866	\$1,097,904	\$888,073	\$1,241,840	\$1,262,595
5,812,740	4,168,577	4,407,104	4,691,776	5,500,449	7,516,391
0	0	0	0	0	0
871,341	704,823	774,065	954,307	1,103,221	1,286,680
0	0	0	0	0	0
<u>\$8,068,811</u>	<u>\$6,147,266</u>	<u>\$6,279,073</u>	<u>\$6,534,156</u>	<u>\$7,845,510</u>	<u>\$10,065,666</u>
<u>\$14,506,623</u>	<u>\$12,494,253</u>	<u>\$12,890,717</u>	<u>\$13,949,207</u>	<u>\$15,672,385</u>	<u>\$18,075,941</u>

CERRO GORDO COUNTY, IOWA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified accrual accounting)

(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Property and Other County Tax	\$ 14,782,265	\$ 15,308,353	\$ 15,367,915	\$ 15,746,255
Interest and Penalty on Property Tax	130,746	146,433	166,230	174,381
Intergovernmental	11,356,056	10,584,094	12,986,761	12,253,236
Licenses and Permits	327,967	414,152	397,960	413,794
Charges for Services	1,132,140	1,155,633	1,173,034	1,248,757
Use of Money and Property	1,246,172	902,907	439,098	311,405
Miscellaneous	867,131	921,893	942,716	1,476,175
Total Revenues	29,842,477	29,433,465	31,473,714	31,624,003
Expenditures:				
Public safety and legal services	5,565,965	6,229,452	6,769,038	6,826,705
Physical health and social services	4,725,534	4,866,227	5,150,211	4,656,497
Mental health	5,861,602	6,366,901	5,802,641	5,941,119
County environment and education	1,112,434	1,631,652	1,661,836	1,302,316
Roads and transportation	4,513,467	4,972,994	5,079,324	5,340,158
Government services to residents	830,775	928,523	939,846	970,387
Administration	2,157,767	2,466,608	2,187,056	2,886,708
Non-program	72,906	50,342	276,787	167,932
Debt service				
Principal	1,160,000	955,000	964,252	861,763
Interest	435,718	560,657	528,766	517,357
Capital projects	7,893,520	6,858,012	1,224,944	3,022,467
Total Expenditures	34,329,688	35,886,368	30,584,701	32,493,409
Excess of revenues over (under) expenditures	(4,487,211)	(6,452,903)	889,013	(869,406)
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	21,910	10,910	60,525	214,204
Transfers in	2,461,511	2,600,826	2,738,466	2,860,798
Transfers out	(2,461,511)	(2,600,826)	(2,738,466)	(2,860,798)
Issuance of drainage warrants	7,199	5,781	18,985	45,287
Issuance of general obligation capital loan notes	13,500,000	0	0	0
Discount on general obligation notes	(123,514)	0	0	0
Issuance of crossover refunding capital loan notes	0	0	0	0
Issuance of capital lease purchase agreement	0	0	199,413	20,679
Issuance of LOSST revenue bonds	0	0	300,000	168,750
Issuance of installment purchase contracts	0	0	642,841	0
Total other financing sources (uses)	13,405,595	16,691	1,221,764	448,920
Net change in fund balances	\$ 8,918,384	\$ (6,436,212)	\$ 2,110,777	\$ (420,486)
Debt service as % of noncapital expenditures	6.04%	5.22%	5.09%	4.39%

Source: County Records

							Fiscal Year					
2011		2012		2013		2014		2015		2016		
\$	16,151,502	\$	16,630,974	\$	17,057,026	\$	17,918,503	\$	17,987,366	\$	18,334,856	
	161,757		163,122		153,414		152,169		158,706		148,127	
	7,827,411		7,295,931		7,144,890		7,961,602		8,278,038		8,703,780	
	126,934		125,044		120,712		220,980		154,958		133,989	
	1,391,135		1,332,932		1,304,748		1,422,442		1,402,231		1,710,171	
	277,433		283,542		250,226		495,212		188,814		273,850	
	933,810		948,232		1,313,451		1,061,874		2,364,995		1,352,813	
	26,869,982		26,779,777		27,344,467		29,232,782		30,535,108		30,657,586	
	7,095,863		7,500,849		7,577,137		7,962,487		8,184,564		8,389,453	
	5,095,095		4,639,871		4,845,164		4,914,277		5,110,132		5,098,205	
	676,241		3,793,476		2,361,533		2,018,171		2,561,090		1,848,842	
	1,181,451		1,233,631		1,106,735		1,851,989		1,275,293		1,249,483	
	4,963,655		5,066,973		4,417,491		5,500,566		5,618,674		5,837,654	
	988,933		1,052,040		1,048,894		1,077,312		1,461,109		1,203,391	
	2,355,944		2,485,101		2,580,211		2,659,540		2,995,191		3,048,671	
	114,044		84,682		27,405		95,989		189,518		293,382	
	2,541,936		9,607,704		564,368		575,238		622,246		1,216,500	
	519,010		804,707		427,889		416,469		404,889		219,199	
	2,628,619		1,769,644		1,850,331		978,252		1,762,502		19,424	
	28,160,791		38,038,678		26,807,158		28,050,290		30,185,208		28,424,204	
	(1,290,809)		(11,258,901)		537,309		1,182,492		349,900		2,233,382	
	7,714		12,000		24,266		29,016		24,321		48,994	
	3,227,450		3,241,067		3,352,612		3,354,612		3,467,670		3,666,959	
	(3,227,450)		(3,241,067)		(3,352,612)		(3,354,612)		(3,467,670)		(3,666,959)	
	34,974		31,737		10,851		56,813		145,190		100,425	
	0		0		0		0		850,000		0	
	0		0		0		0		0		0	
	2,000,000		9,365,000		0		0		0		0	
	0		0		0		0		0		0	
	0		0		0		0		0		0	
	0		0		0		0		0		0	
	2,042,688		9,408,737		35,117		85,829		1,019,511		149,419	
\$	751,879	\$	(1,850,164)	\$	572,426	\$	1,268,321	\$	1,369,411	\$	2,382,801	
	12.22%		29.22%		4.05%		3.81%		3.71%		5.17%	

CERRO GORDO COUNTY, IOWA

PROGRAM REVENUES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2007	2008	2009	2010
Government activities:				
Public safety and legal services	\$ 1,537,752	\$ 1,480,436	\$ 1,536,881	\$ 1,561,615
Physical health and social services	3,210,734	3,025,728	2,917,504	2,975,874
Mental health	3,758,706	3,248,590	4,571,818	2,032,435
County environment and education	149,244	114,371	586,783	128,474
Roads and Transportation	4,027,815	3,646,140	6,323,786	6,188,066
Government services to residents	697,549	724,823	642,216	694,771
Administration or general government	258,451	232,344	448,284	187,016
Non-program	91,574	89,556	153,355	2,375,121
Total Governmental activities program revenues	<u>13,731,825</u>	<u>12,561,988</u>	<u>17,180,627</u>	<u>16,143,372</u>
Business-type activities:				
Wastewater collection and treatment	60,990	74,612	73,802	67,217
Total business-type activities program revenues	<u>60,990</u>	<u>74,612</u>	<u>73,802</u>	<u>67,217</u>
Total government program revenues	<u>\$ 13,792,815</u>	<u>\$ 12,636,600</u>	<u>\$ 17,254,429</u>	<u>\$ 16,210,589</u>

Source: County Records

Fiscal Year						
	2011	2012	2013	2014	2015	2016
\$	1,589,118	\$ 1,548,358	\$ 1,626,138	\$ 1,591,878	\$ 1,659,477	\$ 1,609,729
	2,915,052	2,394,545	2,490,087	2,938,155	2,702,555	2,164,079
	49,943	0	26	0	102,868	228,722
	121,681	137,477	98,434	219,358	231,295	171,028
	3,596,827	3,840,156	4,792,027	5,314,851	3,617,560	4,641,083
	674,408	728,731	714,103	827,302	727,253	834,300
	186,040	391,130	222,609	422,468	78,154	152,164
	182,654	204,314	173,985	233,391	229,409	754,916
	9,315,723	9,244,711	10,117,409	11,547,403	9,348,571	10,556,021
	66,040	66,716	66,979	64,219	62,871	84,097
	66,040	66,716	66,979	64,219	62,871	84,097
\$	9,381,763	\$ 9,311,427	\$ 10,184,388	\$ 11,611,622	\$ 9,411,442	\$ 10,640,118

CERRO GORDO COUNTY, IOWA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (1)

Last Ten Fiscal Years

(Unaudited)

Assessed Value and Actual Value of Taxable Property				
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
2007	\$ 1,847,067,126	\$ 406,188,967	\$ 115,663,644	\$ 243,061,267
2008	1,931,601,558	415,706,118	118,533,891	245,007,595
2009	2,082,080,113	454,631,950	124,087,009	291,362,364
2010	2,158,325,908	472,474,791	125,039,073	292,634,499
2011	2,185,469,250	462,309,715	122,515,972	432,256,773
2012	2,232,467,433	467,738,844	117,498,875	430,812,881
2013	2,258,003,711	487,676,744	102,684,643	532,611,206
2014	2,314,550,636	500,947,523	110,270,222	532,853,133
2015	2,319,642,432	498,090,582	99,822,358	732,431,140
2016	2,374,484,803	499,855,563	101,958,618	735,514,820

Taxable Value of Property				
Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Agricultural Property
2007	\$ 841,230,630	\$ 402,277,964	\$ 115,663,644	\$ 243,061,267
2008	871,747,220	415,706,118	118,533,891	245,007,595
2009	903,062,500	453,264,680	124,087,009	262,503,636
2010	965,567,898	472,474,791	125,039,073	274,580,757
2011	1,003,294,020	462,309,715	122,515,972	285,781,276
2012	1,059,415,029	467,738,844	117,498,875	296,510,611
2013	1,122,798,241	487,676,744	102,684,643	305,127,041
2014	1,216,008,264	500,947,523	110,270,222	317,879,766
2015	1,238,055,392	470,580,246	93,054,272	315,174,766
2016	1,299,592,831	444,409,241	88,152,884	327,847,665

Source: Cerro Gordo County Auditor's Office

(1) Net Taxable Value is the value on which real estate taxes are calculated and on which budgets of the various Levy Authorities are based. For property valued by local assessors, taxable value of property is the actual value of property multiplied by the statewide rollback rate that is determined annually by the Iowa Department of Management.

(2) Other Property includes utility property, railroad property, and gas and electric utility property, all of which are valued by the Iowa Department of Management. All other property classes are valued by the local assessor.

(3) Per \$1,000 of value

Assessed Value and Actual Value of Taxable Property

TIF Increment	(2) Other Property	Total Assessed Taxable Property	Less: Military Tax-Exempt Property	Net Assessed Taxable Property
\$ 84,837,300	\$ 557,830,644	\$ 3,254,648,948	\$ 6,725,715	\$ 3,247,923,233
83,605,174	557,706,923	3,352,161,259	6,674,947	3,345,486,312
94,990,249	524,896,066	3,572,047,751	6,546,853	3,565,500,898
100,955,290	552,664,832	3,702,094,393	6,400,851	3,695,693,542
116,873,546	630,695,007	3,950,120,263	6,267,987	3,943,852,276
125,306,712	729,052,147	4,102,876,892	6,115,677	4,096,761,215
130,243,719	769,636,251	4,280,856,274	5,926,400	4,274,929,874
79,114,218	802,921,546	4,340,657,278	5,786,528	4,334,870,750
144,709,810	854,374,308	4,649,070,630	5,589,246	4,643,481,384
146,155,210	965,594,757	4,823,563,771	5,346,590	4,818,217,181

Taxable Value of Property

TIF Increment	(2) Other Property	Total Taxable Property	Less: Military Tax-Exempt Property	Net Taxable Property	(3) Total Direct Tax Rate Urban
\$ 84,837,300	\$ 185,780,708	\$ 1,872,851,513	\$ 6,725,715	\$ 1,866,125,798	6.59
83,605,174	167,798,894	1,902,398,892	6,674,947	1,895,723,945	6.59
94,990,249	184,296,587	2,022,204,661	6,546,853	2,015,657,808	6.32
100,955,290	168,369,930	2,106,987,739	6,400,851	2,100,586,888	6.29
116,873,546	157,060,949	2,147,835,478	6,267,987	2,141,567,491	6.27
125,306,712	158,266,959	2,224,737,030	6,115,677	2,218,621,353	6.25
130,243,719	156,083,846	2,304,614,234	5,926,400	2,298,687,834	6.23
79,114,218	172,180,865	2,396,400,858	5,786,528	2,390,614,330	6.24
144,709,810	170,878,079	2,432,452,565	5,589,246	2,426,863,319	6.25
146,155,210	167,742,054	2,473,899,885	5,346,590	2,468,553,295	6.25

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	Fiscal Year Taxes are Payable			
	2007	2008	2009	2010
County Direct Rates:				
General Basic	3.50	3.50	3.50	3.50
General Supplemental	1.00	1.08	1.14	1.19
MH/DD Service	1.28	1.26	1.19	1.13
Debt Service	0.81	0.76	0.49	0.47
Total Urban County Rate	6.59	6.59	6.32	6.29
Rural Basic	3.51	3.51	3.51	3.51
Total Rural County Rate	10.11	10.11	9.83	9.80
City and Town Rates:				
Mason City	12.26	12.67	12.80	12.73
Clear Lake	10.05	10.05	10.05	10.05
Dougherty	17.77	18.20	17.67	21.70
Meservey	9.81	9.80	9.77	9.70
Plymouth	5.55	8.92	11.49	12.09
Rock Falls	6.50	6.50	6.50	6.50
Rockwell	8.10	8.10	8.10	8.10
Swaledale	16.15	16.61	17.08	16.52
Thornton	12.09	12.77	12.64	11.98
Ventura	3.00	7.73	6.78	9.98
Nora Springs	11.22	13.23	14.05	14.71
Township Rates:				
Bath	0.54	0.54	0.54	0.54
Clear Lake (3)	0.28	0.27	0.25	0.23
Clear Lake - Clear Lake Fire (3)	0.00	0.00	0.00	0.00
Clear Lake - Ventura Fire (3)	0.00	0.00	0.00	0.00
Dougherty	0.35	0.35	0.35	0.35
Falls	0.62	0.62	0.62	0.62
Geneseo	0.47	0.46	0.40	0.37
Grant - Clear Lake Schools	0.50	0.51	0.42	0.41
Grant - Forest City Schools	0.50	0.51	0.44	0.41
Grant - Ventura Schools	0.50	0.51	0.38	0.39
Gimes	0.76	0.78	0.76	0.73
Lake	0.10	0.12	0.10	0.12
Lime Creek	0.41	0.41	0.41	0.41
Lincoln	0.39	0.39	0.37	0.35
Mason	0.41	0.41	0.41	0.41
Mount Vernon	0.47	0.48	0.49	0.49
Owen	0.63	0.63	0.63	0.63
Pleasant Valley	0.51	0.51	0.52	0.49
Portland	0.38	0.41	0.46	0.44
Union	0.24	0.25	0.25	0.25

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2011	2012	2013	2014	2015	2016
3.50	3.50	3.50	3.50	3.50	3.50
1.20	1.23	1.26	1.43	1.43	1.49
1.12	1.08	1.05	0.90	0.91	0.70
0.45	0.43	0.42	0.40	0.41	0.56
6.27	6.25	6.23	6.24	6.25	6.25
3.51	3.51	3.51	3.51	3.51	3.51
9.78	9.76	9.74	9.74	9.76	9.76
13.39	13.57	13.55	13.02	13.85	13.52
10.05	10.54	10.54	10.54	10.54	10.54
21.93	20.60	20.64	21.78	22.85	24.26
9.77	9.74	9.82	9.79	9.74	9.70
12.40	12.11	12.21	12.13	11.98	12.10
6.50	6.50	6.50	6.50	6.50	6.50
8.10	8.10	11.09	10.95	10.88	10.73
16.70	16.53	16.59	16.31	16.56	15.36
13.19	13.55	13.27	13.57	13.93	13.71
10.98	10.32	12.00	11.99	11.40	10.78
14.15	13.65	13.53	13.03	12.42	12.48
0.54	0.54	0.54	0.54	0.54	0.54
0.24	0.24	0.21	0.20	0.33	0.00
0.00	0.00	0.00	0.00	0.00	0.25
0.00	0.00	0.00	0.00	0.00	0.64
0.34	0.34	0.33	0.32	0.32	0.32
0.62	0.62	0.62	0.62	0.62	0.62
0.41	0.35	0.35	0.35	0.35	0.35
0.39	0.43	0.37	0.39	0.56	0.57
0.39	0.43	0.45	0.47	0.67	0.53
0.41	0.43	0.40	0.42	0.63	0.53
0.73	0.82	0.82	0.82	0.82	0.82
0.12	0.11	0.13	0.11	0.11	0.18
0.41	0.41	0.41	0.41	0.41	0.41
0.34	0.33	0.31	0.30	0.32	0.40
0.41	0.41	0.41	0.41	0.41	0.41
0.49	0.45	0.47	0.43	0.49	0.54
0.63	0.63	0.62	0.67	0.67	0.67
0.48	0.47	0.49	0.53	0.53	0.58
0.44	0.43	0.42	0.41	0.41	0.41
0.25	0.25	0.26	0.27	0.40	0.40

(Continued)

CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING PROPERTY TAX RATES (Continued)

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

	Fiscal Year Taxes are Payable			
	2007	2008	2009	2010
School District Rates:				
Clear Lake	11.89	11.90	11.88	11.88
Forest City	14.56	14.64	15.01	15.43
Mason City	14.10	14.08	13.67	13.62
Meservey-Thornton (1)	10.05	10.27	10.77	11.32
Central Springs - Nora Springs-Rock Falls (2)	16.62	16.75	16.46	16.85
Central Springs - North Central (2)	13.31	14.20	13.47	14.31
Rockwell-Swaledale (1)	13.74	14.37	14.26	13.78
Rudd-Rockford-Marble Rock	15.79	15.79	16.24	14.01
Sheffield-Chapin (1)	14.25	12.59	12.85	13.29
Ventura	10.40	10.10	9.61	10.39
West Fork (1)				
Other Taxing Authority Rates:				
County Assessor	0.41	0.49	0.56	0.55
City Assessor	0.20	0.23	0.26	0.23
North Iowa Area Community College	0.62	0.66	0.66	0.62
Ag. Extension	0.11	0.11	0.10	0.11
State	0.00	0.00	0.00	0.00
Clear Lake Sanitary Sewer	1.67	1.66	1.59	1.49
Falls - Rock Falls Cemetery	0.07	0.07	0.07	0.07

(1) In 2012, West Fork School District was formed by combining Meservey-Thornton School District, Rockwell-Swaledale School District, and Sheffield-Chapin School District.

(2) Beginning in 2012, Nora Springs-Rock Falls School District and North Central School District consolidated. However, each school has its own property tax rate.

(3) In 2016, Clear Lake Township divided its township according to the fire department service area.

Source: Cerro Gordo County Auditors Office

Fiscal Year Taxes are Payable					
2011	2012	2013	2014	2015	2016
12.94	12.92	12.92	12.24	11.48	10.78
16.74	16.27	15.75	13.57	13.25	13.32
15.12	15.11	13.32	11.05	13.20	13.95
11.68	0.00	0.00	0.00	0.00	0.00
16.41	14.11	12.11	11.90	10.73	10.45
14.48	14.60	13.58	13.33	12.17	10.45
13.77	0.00	0.00	0.00	0.00	0.00
14.02	14.00	14.00	12.00	11.63	11.66
13.59	0.00	0.00	0.00	0.00	0.00
10.57	9.92	8.94	9.20	8.88	9.67
	10.99	12.01	11.17	11.82	11.24
0.52	0.43	0.43	0.53	0.54	0.56
0.23	0.25	0.23	0.64	0.64	0.63
0.66	0.66	0.66	0.66	0.64	0.72
0.11	0.11	0.11	0.11	0.11	0.12
0.00	0.00	0.00	0.00	0.00	0.00
1.46	1.35	1.31	1.27	1.24	1.23
0.07	0.07	0.07	0.07	0.07	0.07

(Concluded)

CERRO GORDO COUNTY, IOWA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

(Unaudited)

	Fiscal Year 2016			Fiscal Year 2007		
	Net Taxable Value	Rank	Percent of Total Taxable Value	Net Taxable Value	Rank	Percent of Total Taxable Value
Interstate Power & Light Co	\$ 81,302,980	1	3.34%	\$ 65,389,680	1	3.71%
Union Pacific	30,354,168	2	1.25%	17,063,089	3	0.97%
Golden Grain Energy LLC	17,125,876	3	0.70%			
Lehigh Portland Cement Co	15,521,761	4	0.64%	19,688,884	2	1.12%
Hawkeye Power Partners LLC	11,512,405	5	0.47%	10,661,782	9	0.61%
Mills Properties Inc	11,081,672	6	0.46%			
Magellan Pipeline Company, LLC	10,650,011	7	0.44%			
AADG Inc (Curries Company)	10,447,629	8	0.43%	14,871,918	6	0.84%
Wal-Mart Real Estate Business Trust	10,439,667	9	0.43%			
Northern Border Pipeline Co	9,138,371	10	0.38%	12,850,005	7	0.73%
Qwest Corp				15,243,606	5	0.87%
Holnam Inc/Northwestern States Portland Cement Co				15,509,878	4	0.88%
Mall Associates LLC				11,980,237	8	0.68%
Mason City Shopping Center				10,647,241	10	0.60%
	<u>\$ 207,574,540</u>		<u>8.53%</u>	<u>\$ 193,906,320</u>		<u>11.01%</u>

Net Taxable Value is the value on which real estate taxes are calculated and on which the budgets of the various Levy Authorities are based.

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Property Taxes Collected Within the Fiscal Year of the Levy		Property Tax Collections in Subsequent Years	Property Taxes Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 54,025,405	\$ 52,028,179	96.30%	\$ 16,638	\$ 52,044,817	96.33%
2008	55,911,709	53,942,250	96.48%	36,357	53,978,607	96.54%
2009	58,154,094	56,220,505	96.68%	4,747	56,225,252	96.68%
2010	61,066,901	59,136,632	96.84%	13,163	59,149,795	96.86%
2011	65,508,663	63,720,109	97.27%	9,348	63,729,457	97.28%
2012	67,300,914	65,466,374	97.27%	-6,788	65,459,586	97.26%
2013	67,840,071	65,795,178	96.99%	37,696	65,832,874	97.04%
2014	66,904,841	64,623,723	96.59%	37,085	64,660,808	96.65%
2015	70,801,705	67,733,439	95.67%	23,775	67,757,214	95.70%
2016	72,052,658	68,174,393	94.62%	38,469	68,212,862	94.67%

Total tax collections solely for Cerro Gordo County were:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$ 12,752,868
2008	13,075,127
2009	13,234,094
2010	13,906,364
2011	14,211,708
2012	14,678,427
2013	15,239,651
2014	16,178,353
2015	16,340,578
2016	16,974,826

Source: Cerro Gordo County Treasurer's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Loan Notes	Capital Lease Purchases	Drainage Warrants	Revenue Bonds	Sewer Revenue Capital Loan Notes				
2007	\$145,000	\$13,290,000	\$15,393	\$21,418	\$0	\$595,379	\$14,067,190	0.98%	\$311.79	
2008	75,000	12,405,000	9,621	16,457	0	586,635	13,092,713	0.88%	290.76	
2009	0	11,945,000	469,623	29,971	253,000	577,497	13,275,091	0.87%	296.08	
2010	0	11,470,000	117,605	34,700	401,750	567,946	12,592,001	0.78%	283.71	
2011	0	11,000,000	65,669	20,088	381,750	557,967	12,025,474	0.73%	273.21	
2012	0	10,835,000	10,351	14,417	361,750	547,538	11,769,056	0.70%	269.07	
2013	0	10,295,000	5,984	20,817	341,750	536,642	11,200,193	0.62%	253.17	
2014	0	9,745,000	1,246	62,024	321,250	525,252	10,654,772	0.52%	243.33	
2015	0	10,215,000	0	197,599	300,250	513,352	11,226,201	0.56%	259.54	
2016	0	9,020,000	0	122,010	278,750	500,917	9,921,677	0.41%	230.65	

1. Calculated using population and personal income figures from Demographics and Economic Statistics Table.

Source: Cerro Gordo County Auditor's Office

CERRO GORDO COUNTY, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	General Bonded Debt Outstanding		Percentage Net Taxable Value of Property (1)	Per Capita (2)
	General Obligation Bonds	Total		
2007	\$ 145,000	\$ 145,000	0.01%	\$ 3.27
2008	75,000	75,000	0.00%	1.70
2009	0	0	0.00%	0
2010	0	0	0.00%	0
2011	0	0	0.00%	0
2012	0	0	0.00%	0
2013	0	0	0.00%	0
2014	0	0	0.00%	0
2015	0	0	0.00%	0
2016	0	0	0.00%	0

1. See Assessed Value and Actual Value of Taxable Property Schedule for property value data.

2. Calculated using population figure from Demographics and Economic Statistics Table.

Source: Cerro Gordo County Auditor's Office

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CERRO GORDO COUNTY, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2016

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
County direct debt	\$ 9,420,760	100.00%	\$ 9,420,760
City debt:			
Clear Lake	3,635,500	100.00%	3,635,500
Mason City	24,495,000	100.00%	24,495,000
Nora Springs	595,000	3.56%	21,200
Plymouth	245,503	100.00%	245,503
Rockwell	900,733	100.00%	900,733
Thornton	104,232	100.00%	104,232
Ventura	2,755,000	100.00%	2,755,000
Subtotal, City debt			<u>32,157,168</u>
School Districts:			
Clear Lake	4,740,000	100.00%	4,740,000
Forest City	575,000	3.74%	21,486
Mason City	29,643,575	100.00%	29,643,575
Garner-Hayfield Ventura	6,950,000	73.63%	5,117,412
West Fork	1,149,000	63.16%	725,765
Subtotal, School District debt			<u>40,248,238</u>
Other Districts:			
Clear Lake Sanitary District	535,000	100.00%	535,000
North Iowa Area Community College	34,120,000	34.31%	11,705,070
Subtotal, Other District debt			<u>12,240,070</u>
Total overlapping debt			<u>84,645,476</u>
Total direct and overlapping debt			<u>\$ 94,066,236</u>

Source: Cities, schools, and other districts within Cerro Gordo County.

* The overlapping debt percentage is calculated by dividing the amount of valuation of each taxing jurisdiction that is partially or wholly within the County by the total valuation of each taxing jurisdiction.

CERRO GORDO COUNTY, IOWA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Unaudited)

	2007	2008	2009	2010
Debt Limit, 5% of Assessed Value	162,396,162	167,274,316	178,275,045	184,784,677
Total net debt applicable to limit	13,450,393	12,489,621	12,667,623	11,989,355
Legal Debt Margin	\$ 148,945,769	\$ 154,784,695	\$ 165,607,422	\$ 172,795,322
Total net debt applicable to the limit as a percentage of debt limit	8.28%	7.47%	7.11%	6.49%

Source: County records

Legal Debt Margin Calculation for Fiscal Year 2016

Net Assessed Value	\$	4,818,217,181
Debt Limit (5% of assessed value)		240,910,859
Debt applicable to limit:		
General obligation capital loan notes		9,020,000
LOS&ST Revenue Bonds		278,750
Total net debt applicable to limit		<u>9,298,750</u>
Legal debt margin	\$	<u>231,612,109</u>

2011	2012	2013	2014	2015	2016
197,192,614	204,838,061	213,746,494	216,743,538	232,174,069	240,910,859
11,447,419	11,427,102	10,642,734	10,067,496	10,515,250	9,298,750
<u>\$ 185,745,195</u>	<u>\$ 193,410,959</u>	<u>\$ 203,103,760</u>	<u>\$ 206,676,042</u>	<u>\$ 221,658,819</u>	<u>\$ 231,612,109</u>

5.81%	5.58%	4.98%	4.64%	4.53%	3.86%
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CERRO GORDO COUNTY, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

(Unaudited)

Year	Population (1)	Personal Income (000's) (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Private School Enrollment (3)	Unemployment Rate (4)
2006	44,384	\$ 1,484,822	\$ 32,628	6,358	616	3.90%
2007	44,016	1,524,128	33,623	6,043	618	4.50%
2008	43,740	1,620,279	37,043	5,960	604	5.43%
2009	44,239	1,640,574	37,084	5,943	583	6.70%
2010	44,107	1,692,205	38,366	5,817	594	6.90%
2011	43,938	1,811,347	41,225	5,757	602	6.40%
2012	43,788	1,992,213	45,497	5,832	566	5.70%
2013	43,575	2,052,553	47,104	5,741	588	5.20%
2014	43,211	2,227,485	51,549	5,712	584	4.52%
2015	43,017	2,438,050	56,676	5,694	600	3.76%

(1) U.S. Census Bureau.

(2) Bureau of Economic Analysis, U.S. Department of Commerce.

(3) Iowa Department of Education.

(4) Iowa Workforce Development

CERRO GORDO COUNTY, IOWA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

(Unaudited)

	2016			2007		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Mercy Medical Center North Iowa	2,600	1	11.22%	2,638	1	10.06%
Curries Graham	625	2	2.70%	1,212	2	4.62%
Mason City Community School District	594	3	2.56%	577	3	2.20%
Opportunity Village	509	4	2.20%			
Principal Financial Group	399	5	1.72%	506	5	1.93%
Smithfield	266	6	1.15%	-		-
City of Mason City	258	7	1.11%	-		-
Graham Doors	210	8	0.91%	-	-	-
Cerro Gordo County	241	9	1.04%	-	-	-
North Iowa Area Community College	221	10	0.95%			
Woodharbor Doors and Cabinetry, Inc.			-	520	4	1.98%
Hy-Vee Food Stores	-	-	-	475	6	1.81%
Larson Manufacturing Co.	-	-	-	258	9	0.98%
City of Mason City	-	-	-	326	7	1.24%
Oscar Meyer Foods Corp Svc Co.	-	-	-	265	8	1.01%
Armour Food Co.	-	-	-	250	10	0.95%
	<u>\$ 5,923</u>		<u>25.56%</u>	<u>\$ 7,027</u>		<u>26.78%</u>

Source: Number of Employees provided by North Iowa Corridor Economic Development Corporation.
Total Cerro Gordo County labor force provided by Iowa Workforce Development.

CERRO GORDO COUNTY, IOWA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Public Safety and Legal Services:				
Sheriff	61.00	71.00	72.00	72.00
Attorney	11.00	11.00	11.00	11.00
Child Support Recovery	7.00	7.00	7.00	7.00
Physical Health and Social Services:				
Health Department	51.00	49.00	50.00	51.00
General Relief	1.35	1.35	1.35	1.35
Veteran Affairs	1.65	1.65	1.65	1.65
Mental Health:				
CPC	1.50	1.50	2.20	2.20
Case Management	9.00	9.00	9.00	9.00
County Environment and Education:				
Conservation	6.00	6.00	6.00	6.50
Planning and Zoning:	1.00	1.00	1.00	1.00
Roads and Transportation:				
Engineer	40.00	40.00	39.00	38.00
Roadsides	3.00	3.00	3.00	3.00
Governmental Services to Residents:				
Treasurer, motor vehicles	6.60	6.60	6.45	5.75
Recorder	5.00	5.00	5.00	5.00
Auditor, elections	3.00	3.00	3.00	3.00
Administration:				
Board of Supervisors	3.50	3.50	3.50	3.50
Auditor	6.50	6.50	6.50	6.50
Treasurer, tax	2.40	2.40	1.55	2.25
MIS	7.00	7.00	7.00	6.00
Courthouse Maintenance	2.50	2.50	2.50	2.50
Safety	0.50	0.50	0.50	0.50
Personnel	0.50	0.50	0.50	0.50
Total	231.00	239.00	239.70	239.20

Source: County Records

Fiscal Year					
2011	2012	2013	2014	2015	2016
73.00	73.00	73.00	73.00	73.00	71.00
11.00	11.00	12.00	12.00	12.50	13.50
7.00	6.00	6.00	6.00	6.00	6.00
48.00	50.00	48.00	46.00	47.00	48.00
1.35	1.35	1.35	1.35	1.35	1.35
1.65	1.65	1.65	1.65	1.65	1.65
3.20	3.20	3.20	3.20	3.20	3.20
9.00	9.00	9.00	8.00	8.00	8.00
6.50	7.00	6.50	6.50	6.50	6.50
1.00	1.00	1.00	0.60	0.55	1.05
39.00	39.00	38.00	39.00	39.00	39.00
3.00	2.00	3.00	3.00	3.00	3.00
5.75	5.75	5.75	5.75	5.75	6.50
5.00	5.00	5.00	5.00	5.00	5.00
3.00	3.00	3.00	3.08	3.00	3.00
3.50	3.50	3.50	3.35	3.30	3.30
6.50	6.50	6.50	6.72	6.50	7.50
2.25	2.25	2.25	2.25	2.25	2.50
6.00	6.00	7.00	6.00	8.00	7.00
2.50	2.50	2.50	2.60	2.55	2.55
0.50	0.50	0.50	0.60	0.55	0.55
0.50	0.50	0.50	0.60	0.55	1.05
239.20	239.70	239.20	236.25	239.20	241.20

CERRO GORDO COUNTY, IOWA

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Public Safety and Legal Services:				
Sheriff:				
Weapon permits issued	338	343	394	495
Number of Jail bookings	3,652	3,497	3,542	3,431
Civil Papers Served	4,289	4,068	4,911	4,743
Service Calls	5,519	5,151	7,953	8,634
Number of Arrests	1,005	344	1,604	2,423
Citations and Warnings issued	4,507	4,354	2,677	2,764
Attorney:				
Number Cases Filed:				
Felony	404	347	277	218
Indictable Misdemeanor	1,225	1,229	1,049	984
Juvenile	177	215	203	174
Physical Health and Social Services:				
Health Department:				
Number of Immunizations	5,685	6,255	7,006	5,516
Number of Nursing Clients	354	314	341	324
Number of Nursing Visits	5,968	5,516	5,649	6,443
Number of Home Care Aide Clients	247	223	148	144
Number Home Care Aide service hours	13,206	12,176	13,066	13,527
Number of Food Inspections	3,067	2,998	3,209	2,664
County Environment and Education:				
Conservation:				
Number of camper nights	4,097	4,583	4,017	4,359
Conservation programs presented	297	273	238	251
People attending programs	9,985	9,295	10,727	10,451
Planning and Zoning:				
Zoning Permits issued	105	153	105	92
Board of Adjustment cases	37	36	34	26
Roads and Transportation:				
Engineer: Miles maintained	970	970	970	970
Governmental Services to Residents:				
Treasurer: Titles issued	19,917	13,704	12,874	14,989
Recorder: Documents recorded	11,026	10,806	10,094	9,961
Auditor:				
Registered voters	31,470	32,089	32,200	32,114
Absentee ballots requested	5,370	3,067	10,145	1,731

Source: County Records

Fiscal Year					
2011	2012	2013	2014	2015	2016
1,149	673	679	705	764	1,465
2,998	3,130	3,024	3,071	2,942	2,934
4,647	4,627	4,650	4,236	3,872	3,822
8,876	7,554	7,316	8,128	7,859	8,225
2,572	2,546	2,073	1,315	1,019	1,113
4,029	2,755	2,482	3,022	2,841	2,900
283	234	297	345	373	334
1,036	871	919	1,086	831	936
151	165	185	216	166	203
5,081	4,978	5,463	4,995	6,398	6,672
358	378	411	388	397	405
6,320	6,376	6,380	6,958	6,886	7,722
296	145	141	259	141	135
12,175	12,365	10,987	10,939	11,706	11,832
840	386	971	810	837	1,023
4,209	4,173	3,895	3,527	3,509	4,384
274	271	309	377	358	319
11,169	10,487	10,227	11,558	12,844	12,444
96	103	71	88	90	94
28	37	28	28	34	36
970	970	970	970	970	970
13,791	14,812	15,363	16,631	17,261	17,488
9,495	9,137	9,899	8,325	7,666	8,120
32,158	32,449	31,975	32,211	31,265	31,690
5,872	1,530	9,865	2,643	7,639	1,141

CERRO GORDO COUNTY, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

(Unaudited)

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Public Safety and Legal Services:				
Sheriff:				
Number of vehicles	24	26	26	26
Physical Health and Social Services:				
Health Department:				
Number of vehicles	8	8	9	9
County Environment and Education:				
Conservation:				
Number of park areas	30	30	31	31
Total acres managed	3,024	3,024	3,284	3,284
Number of vehicles	15	15	15	15
Roads and Transportation:				
Engineer:				
Number of vehicles	23	23	44*	44*
Number of buildings	6	6	6	6
Governmental Services to Residents:				
Auditor, elections:				
Number of voting machines	59	59	59	59

Source: Various County Departments.

Note: Several programs do not have capital assets specific to their area and have been eliminated from this schedule.

* Beginning in FY2009, tandem trucks and single axle trucks were classified as vehicles.

Fiscal Year					
2011	2012	2013	2014	2015	2016
28	28	29	29	29	29
9	9	9	9	11	9
31	31	31	32	34	35
3,284	3,284	3,284	3,309	3,433	3,444
15	15	15	15	14	14
44*	46*	46*	46*	46*	46*
6	6	6	7	7	7
59	59	62	62	61	64

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FINANCIAL INFORMATION REQUIRED
BY THE STATE AUDITOR

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CERRO GORDO COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION - ALL GOVERNMENTAL FUNDS Years Ended June 30,

	Modified Accrual Basis			
	2016	2015	2014	2013
Revenues:				
Property and Other County Tax	\$ 18,334,856	\$ 17,987,366	\$ 17,918,503	\$ 17,057,026
Interest and Penalty on Property Tax	148,127	158,706	152,169	153,414
Intergovernmental	8,703,780	8,278,038	7,961,602	7,144,890
Licenses and Permits	133,989	154,958	220,980	120,712
Charges for Services	1,710,171	1,402,231	1,422,442	1,304,748
Use of Money and Property	273,850	188,814	495,212	250,226
Fines, Forfeitures, and Defaults	31,043	79,834	25,191	28,995
Miscellaneous	1,321,770	2,285,161	1,036,683	1,284,456
Total	\$ 30,657,586	\$ 30,535,108	\$ 29,232,782	\$ 27,344,467
Expenditures:				
Operating:				
Public Safety and Legal Services	\$ 8,389,453	\$ 8,184,564	\$ 7,962,487	\$ 7,577,137
Physical Health and Social Services	5,098,205	5,110,132	4,914,277	4,845,164
Mental Health	1,848,842	2,561,090	2,018,171	2,361,533
County Environment and Education	1,249,483	1,275,293	1,851,989	1,106,735
Roads and Transportation	5,837,654	5,618,674	5,500,566	4,417,491
Governmental Services to Residents	1,203,391	1,461,109	1,077,312	1,048,894
Administrative Services	3,048,671	2,995,191	2,659,540	2,580,211
Non-program	293,382	189,518	95,989	27,405
Debt Service	1,435,699	1,027,135	991,707	992,257
Capital Projects	19,424	1,762,502	978,252	1,850,331
Total	\$ 28,424,204	\$ 30,185,208	\$ 28,050,290	\$ 26,807,158

See Accompanying Independent Auditors' Report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
\$ 16,630,974	\$ 16,151,502	\$ 15,746,255	\$ 15,367,915	\$ 15,308,353	\$ 14,782,265
163,122	161,757	174,381	166,230	146,433	130,746
7,295,931	7,827,411	12,253,236	12,986,761	10,584,094	11,356,056
125,044	126,934	413,794	397,960	414,152	327,967
1,332,932	1,391,135	1,248,757	1,173,034	1,155,633	1,132,140
283,542	277,433	311,405	439,098	902,907	1,246,172
58,479	9,465	42,893	48,814	25,305	31,316
889,753	924,345	1,433,282	893,902	896,588	835,815
<u>\$ 26,779,777</u>	<u>\$ 26,869,982</u>	<u>\$ 31,624,003</u>	<u>\$ 31,473,714</u>	<u>\$ 29,433,465</u>	<u>\$ 29,842,477</u>
\$ 7,500,849	\$ 7,095,863	\$ 6,826,705	\$ 6,769,038	\$ 6,229,452	\$ 5,565,965
4,639,871	5,095,095	4,656,497	5,150,211	4,866,227	4,725,534
3,793,476	676,241	5,941,119	5,802,641	6,366,901	5,861,602
1,233,631	1,181,451	1,302,316	1,661,836	1,631,652	1,112,434
5,066,973	4,963,655	5,340,158	5,079,324	4,972,994	4,513,467
1,052,040	988,933	970,387	939,846	928,523	830,775
2,485,101	2,355,944	2,886,708	2,187,056	2,466,608	2,157,767
84,682	114,044	167,932	276,787	50,342	72,906
10,412,411	3,060,946	1,379,120	1,493,018	1,515,657	1,595,718
1,769,644	2,628,619	3,022,467	1,224,944	6,858,012	7,893,520
<u>\$ 38,038,678</u>	<u>\$ 28,160,791</u>	<u>\$ 32,493,409</u>	<u>\$ 30,584,701</u>	<u>\$ 35,886,368</u>	<u>\$ 34,329,688</u>

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SINGLE AUDIT SECTION

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CERRO GORDO COUNTY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct:			
U.S. Department of Agriculture Rural Utilities Service Water and Waste Disposal Systems for Rural Communities	10.760		<u>\$21,000</u>
Total Direct			<u><u>\$21,000</u></u>
Indirect:			
U.S. Department of Agriculture Iowa Department of Human Services Human Services Administrative Reimbursements State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>\$36,771</u>
U.S. Department of Housing and Urban Development Iowa Economic Development Authority Community Development Block Grant Disaster Recovery Housing Program Disaster Recovery Housing Program	14.228 14.228	08-DRH-202 08-DRH-002	<u>4,938,371</u> <u>939,913</u> <u>5,878,284</u>
U.S. Department of Justice Iowa Department of Justice Violence Against Women Formula Grants	16.588	VW-16-62-CJ	<u>785</u>
Governor's Office of Drug Control Policy Edward Byrne Memorial Justice Assistance Grant	16.803	13-JAG-114393	<u>63,612</u>
U.S. Department of Transportation Iowa Department of Transportation Highway Planning and Construction	20.205	STP-E-C017(68)--8V-17	<u>36,129</u>
Iowa Department of Public Safety Governor's Traffic Safety Bureau State and Community Highway Safety Grant State and Community Highway Safety Grant	20.600 20.600	15-402-M0PT, Task 05 16-402-M0PT, Task 05	<u>6,106</u> <u>4,315</u> <u>10,421</u>
U.S. Department of Health and Human Services Iowa Department of Public Health Special Programs for the Aging – Title III Part B Special Programs for the Aging – Title III Part B	93.044 93.044	B01901 BS01902	<u>13,860</u> <u>22,500</u> <u>36,360</u>
Environmental Public Health and Emergency Response Medical Reserve Corps (MRC)	93.070 93.074	IU53EH001100 5886BT104	<u>8,888</u> <u>1,039</u>
Affordable Care Act Personal Responsibility Education Program Affordable Care Act Personal Responsibility Education Program	93.092 93.092	5885CH22P 5886CH22P	<u>3,993</u> <u>31,208</u> <u>35,201</u>
Immunization Cooperative Agreements Immunization Cooperative Agreements	93.268 93.268	58851414 58861414	<u>1,903</u> <u>9,545</u> <u>11,448</u>

CERRO GORDO COUNTY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016 (Continued)

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Iowa Department of Public Health			
Care For Yourself Program	93.283	5886NB07	\$12,493
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	5885I414	929
Flexibility in Addressing Unmet Community Health Needs Grant	93.758	5886PHM40	49,550
HIV Prevention Activities	93.940	5885AP04	3,106
HIV Prevention Activities	93.940	5886AP04	5,676
			8,782
Iowa Department of Human Services			
Human Services Administrative Reimbursement			
Refugee and Entrant Assistance	93.566		108
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		9,755
Foster Care Title IV-E	93.658		13,790
Adoption Assistance	93.659		4,803
Social Services Block Grant	93.667		11,523
Children's Health Insurance Program	93.767		261
Medical Assistance Program	93.778		69,794
National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRC16-2166	15,000
Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	2015-090801	15,000
U.S. Department of Homeland Security			
Iowa Department of Homeland Security and Emergency Management			
Emergency Management Performance Grant	97.042	EMPG-15-PT-17	4,391
Emergency Management Performance Grant	97.042	EMPG-16-PT-17	32,543
			36,934
Homeland Security Grant Program	97.067	HSGP-14-SHSP-51	921
Total Indirect			\$6,368,581
Grand Total			\$6,389,581

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Cerro Gordo County under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cerro Gordo County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Cerro Gordo County.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Cerro Gordo County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See Accompanying Independent Auditor's Report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Officials of Cerro Gordo County
Mason City, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cerro Gordo County, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Cerro Gordo County, Iowa's basic financial statements and have issued our report thereon dated December 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cerro Gordo County, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cerro Gordo County, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of Cerro Gordo County, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-16 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-16 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cerro Gordo County, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily

audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Cerro Gordo County, Iowa's Responses to Findings

Cerro Gordo County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cerro Gordo County, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gardiner Thomsen, P.C.

Charles City, Iowa

December 21, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Officials of Cerro Gordo County
Mason City, Iowa

Report on Compliance for Each Major Federal Program

We have audited Cerro Gordo County, Iowa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cerro Gordo County, Iowa's major federal programs for the year ended June 30, 2016. Cerro Gordo County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cerro Gordo County, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cerro Gordo County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Cerro Gordo County, Iowa's compliance.

Opinion on Each Major Federal Program

In our opinion, Cerro Gordo County, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items III-A-16 (2016-001) and III-B-16 (2016-002). Our opinion on the major federal program is not modified with respect to these matters.

Cerro Gordo County, Iowa's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cerro Gordo County, Iowa's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Cerro Gordo County, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cerro Gordo County, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cerro Gordo County, Iowa's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance as described in the accompanying Schedule of Findings and Questioned Costs as item III-C-16 (2016-003) that we consider to be a material weakness.

Cerro Gordo County, Iowa's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Cerro Gordo County, Iowa's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Garland Thomsen, P.C.

Charles City, Iowa

December 21, 2016

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

Part I: Summary of the Independent Auditor's Results:

- a. Unmodified opinions were issued on the financial statements.
- b. Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. A material weakness in internal control over the major program was disclosed by the audit or the financial statements.
- e. An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- f. The audit disclosed audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.515.
- g. The major program was CFDA Number 14.228 – Community Development Block Grants - Disaster Recovery Housing Program.
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Cerro Gordo County did not qualify as a low-risk auditee.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-16 Segregation of Duties

Finding—During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted that various functions of the County are performed by the same person.

Criteria – A good internal control contemplates an adequate segregation of duties so that no one individual handles a transactions from its inception to its completion.

Condition – Various functions of the Auditor, Treasurer, Recorder and Sheriff's Offices are performed by the same person.

Effect – Transaction errors could occur and not be detected in a timely manner.

Cause – Limited staff available to segregate duties.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each County official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned —We have reviewed procedures and plan to make the necessary changes to improve internal control. Specifically, the custody, record-keeping and reconciling functions currently performed by the Deputy will be separated and spread among the County Official, Deputy and Clerks. We plan to implement these changes as soon as possible.

II-B-16 Financial Reporting

Finding — During the audit, we identified material amounts of accounts receivable and deferred inflows of resources that were not recorded on the County's financial statements.

Criteria – A good financial reporting system to record accounts receivable and deferred inflows of resources.

Condition – Receipts following year end were not always coded as a receipt for goods or services provided prior to June 30 to be included in the accounts receivable listing or as a deferred inflow of resources.

Effect – The accounts receivable listing and the deferred inflows of resources listing were understated.

Cause – Limited staff.

Recommendation—The County should implement procedures to ensure all accounts receivable and deferred inflows of resources are identified and included in the County's financial statements.

Response and Corrective Action Planned—We will adjust our financial statements to properly include these amounts and will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

Part II: Findings Related to the Financial Statements: (Continued)

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

CFDA Number 14.228: Community Development Block Grants
Pass-Through Agency Numbers: 08-DRH-002 and 08-DRH-202
Federal Award Year: 2016
U.S. Department of Housing and Urban Development
Passed through the Iowa Economic Development Authority

III-A-16 **Performance Reporting** – Recipients that administer covered housing and community development assistance
(2016-001) in excess of \$200,000 in a program year must submit a Section 3 Annual Report. It does not appear the Section 3
Annual Reports were submitted for the year. This appears to be an incident due to a misunderstanding with the
awarding authority.

Recommendation – The County should ensure the Section 3 Annual Report is submitted as required.
Additionally, the County should contact the Iowa Economic Development Authority to determine that all
relevant information has been included in the report.

Response and Corrective Action Planned – We will prepare and submit the report as required.

Conclusion – Response accepted.

III-B-16 **Subrecipient Monitoring** – A pass-through entity must clearly identify to a subrecipient at the time of a
(2016-002) subaward (or subsequent subaward modification) information sufficient for the County to comply with Federal
statutes, regulations and the terms and conditions of the award. It does not appear the County adequately
communicated this information to the subrecipient.

Recommendation – The County should update its subaward documentation with the subrecipient to demonstrate
identification of information sufficient for the pass-through entity to comply with Federal statutes, regulations
and the terms and conditions of the award.

Response and Corrective Action Planned – We will update subaward documentation as appropriate.

Conclusion – Response accepted.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

Part III: Findings and Questioned Costs for Federal Awards: (Continued)

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 14.228: Community Development Block Grants
Pass-Through Agency Numbers: 08-DRH-002 and 08-DRH-202
Federal Award Year: 2016
U.S. Department of Housing and Urban Development
Passed through the Iowa Economic Development Authority

III-C-16 Segregation of Duties over Federal Revenue – Duties related to the custody, recordkeeping and reconciling of federal awards are not properly segregated by the County. See item II-A-16.
(2016-003)

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-16 Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted. However, disbursements in certain departments exceeded the amounts appropriated.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will watch the appropriations more closely.

Conclusion – Response accepted.

IV-B-16 Questionable Disbursements – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

IV-C-16 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-D-16 **Business Transactions** – The following business transactions between the County and County officials or employees were noted:

<u>Name, Title and Business Connection</u>	<u>Transaction</u>	<u>Amount</u>
Tracie Siemers, Auditor's Office		
Steve Siemers, Spouse	Snow Removal	\$1,233
Linda Weatherwax, Mother	Election Worker	957

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Steve Siemers and Linda Weatherwax, do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year.

IV-E-16 **Bond Coverage** – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure that the coverage is adequate for current operations.

IV-F-16 **Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not. However, it was noted that the November 10, 2015, the January 4, 2016 the February 9, 2016, the April 19, 2016 and the June 7, 2016 Board minutes were not published within the time allowed by Chapter 349.18 of the Code of Iowa. It was also noted that not all official minutes were signed.

Recommendation – The County should publish the Board minutes in accordance with Chapter 349.18 of the Code of Iowa and the official minutes should be signed.

Response – The Board minutes will be published in accordance with Chapter 349.18 of the Code of Iowa. The official minutes will be signed.

Conclusion – Response accepted.

IV-G-16 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's Investment Policy were noted.

IV-H-16 **Resource Enhancement and Protection Certification** – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-16 **Economic Development** – During the year ended June 30, 2016, the County paid \$80,600 for Economic Development, which appears to be an appropriate expenditure of public funds since the public benefits to be derived have been clearly documented.

IV-J-16 **County Extension Office** – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations. Disbursements for the County Extension Office during the year ended June 30, 2016, did not exceed the amount budgeted.

CERRO GORDO COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-K-16 **Early Childhood Iowa Area Board** – Cerro Gordo County is the fiscal agent for the Cerro Gordo, Hancock, Worth Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization.

IV-L-16 **Emergency Management Budget** – Emergency Management disbursements exceeded the amounts budgeted during the fiscal year ended June 30, 2016.

Recommendation – The budget should have been amended in accordance with Chapter 24 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will amend the budget when required.

Conclusion – Response accepted.

IV-M-16 **Tax Increment Financing** – For the year ended June 30, 2016, the County Auditor prepared a reconciliation for each City reconciling TIF receipts with total outstanding TIF debt.

IV-N-16 **Annual Urban Renewal Report** – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1, however, the amounts certified on the Levy Authority Summary do not agree with amounts reported on the general ledger for the same time period.

Recommendation – The County should ensure the beginning balances, revenues, expenditures and ending balances reported on the Levy Authority Summary agree with the County's general ledger.

Response – This item will be corrected on next year's report.

Conclusion – Response accepted.